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BATTLE FOR THE PRESIDENCY

Herald INTERNATIONAL Tribune

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Clinton Vows He Will Stay and Fight

Hiroyoshi Yamaguchi/Reuters

A Tokyo stockbroker on a break from the havoc Friday.

The Gloom Darkens For Japan

Economy Slipped At a Faster Pace; Nikkei Falls 5.11%

By Sheryl WuDunn
New York Times Service

TOKYO — In the starkest sign yet of the depth of Japan's recession, the government said Friday that the economy contracted in the second quarter by an annual rate of 3.3 percent, nearly twice as steep a fall as most economists had expected.

This marked the first time that Japan's economy had contracted for three consecutive quarters since the government began keeping such statistics in 1955. Moreover, the data suggest that the core of the economy slid even more rapidly than it did earlier in the year.

"The Japan economy is probably about to go through its darkest moment," said Taichi Sakaiya, Japan's top economic official, at a press conference after the figures were announced. "Tough times will continue."

That spells trouble for other crisis-hit countries in Asia and elsewhere. As the world's second-largest economy, Japan plays a major role in influencing the trend of growth in the global economy.

Even before the report was released, stocks in Tokyo spiraled downward in their biggest single-day decline so far this year on the busiest day of trading. The benchmark Nikkei 225-stock index plunged 5.11 percent from its previous close to end at 13,916.98, down 749.05 points, mainly spurred by doubts about the econ-

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The Dollar

New York	Friday @ 4 P.M.	previous close
DM	1.6943	1.684
Yen	130.675	134.4
FF	5.679	5.648
Pound	1.6728	1.6903

Dollars per pound.

The Dow

	Friday close	percent change
+179.98	7,795.50	+2.36%

S&P 500

+28.87	1,009.06	+2.95%

Nasdaq

+56.32	1,641.65	+3.55%

Newsstand Prices

Bahrain	1.000 BD	Malta	55 c
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Denmark	14.00 DKr	Oman	1.250 OR
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Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
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Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$40.00

'I Sinned,' He Says In Apology That Includes Lewinsky

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton declared somberly Friday that "I have sinned," in a speech so emotional and abject — including his first public apology to Monica Lewinsky and her family — that it brought a group of clergymen to their feet.

The address was one of the most extraordinary ever given by this or any other president. "I can think of no comparable speech to this," said Charles Jones, a former president of the American Political Science Association.

Reading from notes Mr. Clinton said he had scribbled down late the night before, he said his was a "broken spirit."

In slow, measured words, he added: "I don't think there's a fancy way to say that I have sinned. It is important to me that everyone who has been hurt know that the sorrow I feel is genuine — first and most important, my family, my friends, my staff, my cabinet, Monica Lewinsky and her family, and the American people. I have asked all for their forgiveness."

Speaking to religious leaders gathered for an annual meeting with the president, he also described a road map he had drawn for repentance and spiritual rebuilding.

"To be forgiven, more than sorrow is required, at least two more things," he said. "First, genuine repentance, a determination to change and to repair breaches of my own making. I have repented.

"Second, what my Bible calls a broken spirit, an understanding that I must have God's help to be the person that I want to be, a willingness to give the very forgiveness I seek, a renunciation of the pride and the anger which cloud judgment, lead people to excuse and compare and to blame and complain."

In many ways, the speech included all the touchstones and evident contriteness that some advisers hoped would be in his Aug. 17 address to the nation.

At that time, he acknowledged having had an "inappropriate" affair with Ms. Lewinsky. But he also harshly attacked the independent counsel, Kenneth Starr, for mounting a four-year investigation of the president. That, said political opponents and some supporters, showed a failure by Mr. Clinton to accept fully that the fault was his and that blame could not be placed elsewhere.

But even one of his closest friends and spiritual advisers, the Reverend Jesse Jackson, acknowledged Friday that in some ways the speech might have come too late.

"Had it been projected as little as two weeks ago," Mr. Jackson said on CNN, "it would have made a profound difference." Then he added, "It can still make a profound difference."

Mr. Clinton, while saying the Lewinsky matter would always serve "as a caution light in my life," added that "it is very important that our nation move forward."

See CONFESS, Page 7

Doug Mills/The Associated Press

President and Mrs. Clinton at a memorial service Friday for victims of terrorism.

A Power Vacuum at the Top

By David E. Sanger
New York Times Service.

WASHINGTON — Washington has been so distracted by President Bill Clinton's troubles, by the slow-motion collapse of the Russian government and by the continuing meltdown of Asia that few in the U.S. capital have had time to consider what could set off the next wave of economic turmoil.

So it was no accident that after a cabinet meeting late Thursday afternoon, Treasury Secretary Robert Rubin appeared on television to underscore that the president is "intensely focused" on world economic events, even while he fights for political survival and apologizes for what Mr. Rubin termed "terrible mistakes."

Mr. Rubin made an oblique argument that keeping the president in his job was essential, saying this is "a time when the world has only one leader who understands these issues."

NEWS ANALYSIS

This week, Washington and Wall Street, two universes rarely in sync, got a taste of what may be coming.

The images on Wednesday of Kenneth Starr's boxes of evidence landing on Capitol Hill helped propel the U.S. markets to another

See VACUUM, Page 7

Public Is Given Details of Report, And a Rebuttal

By Brian Knowlton
International Herald Tribune

WASHINGTON — The titanic struggle over the presidency was engaged Friday after the House of Representatives made public the report by the independent counsel accusing President Bill Clinton of impeachable offenses, and the president mounted a determined two-track defense and vowed not to resign.

With details of his relationship with Monica Lewinsky flashed around the world on television and the Internet, Mr. Clinton issued his most striking public apology yet, and his legal team described the allegations as nothing more than "the details of a private sexual relationship, told in graphic details with the intent to embarrass."

But prosecutors argued that they were providing the graphic detail to prove that Mr. Clinton lied before the grand jury.

The 445-page report from the independent counsel, Kenneth Starr, alleges that Mr. Clinton "engaged in a pattern of conduct that was inconsistent with his constitutional duty to faithfully execute the laws."

Strikingly, the report from the independent counsel, whose inquiry began four years ago with an examination of a complicated land deal called Whitewater

A partial text of the Starr report is on Page 4. The text of Mr. Clinton's rebuttal is on Page 5.

and extended to investigations involving the White House travel office and the administration's use of FBI files, finds no offense by the president in any of those areas that would merit impeachment, according to early examinations of the report's content. (Page 3)

The transmittal of the document to Congress began a process that could lead to impeachment.

The document asserted that Mr. Clinton was guilty of criminal charges of perjury, witness tampering and obstruction of justice.

It also charges him with abuse of his presidential powers, not a criminal violation but a possible basis for impeachment.

Mr. Clinton said that he had instructed his lawyers "to mount a vigorous defense using all available, appropriate arguments."

His spokesman, Michael McCurry, said that Mr. Clinton "absolutely" intended to remain in office.

White House lawyers, moving quickly to stem what could be critical political damage, issued a 73-page response even before seeing the Starr document. It said, in effect, that the president had made mistakes and misled some people, but had committed no impeachable offense.

The White House sent copies of its response to leaders of Congress.

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A Country Troubled About Values

For Many Americans, Scandal Is a Symptom of Moral Decline

By Richard Morin and David S. Broder
Washington Post Service

WASHINGTON — For many Americans, the White House scandal is just the latest symptom of broad and deep moral decline. Everywhere they look — in the newspaper, on television, in their own neighborhoods and even within their own families — they see eroding values.

An in-depth study of the values Americans espouse suggests why President Bill Clinton's extramarital dalliance with Monica Lewinsky angers and upsets so many people — and why the country has been so reluctant to punish him politically for behavior it considers wrong.

On one hand, Mr. Clinton has confronted the country with a sample of what three out of four of his constituents see as a dangerous decline in the values on display in the national culture. They link the White House escapade to their broader worries about the lack of respect for tradition and authority, to the coarse content of the movies, television and music, to personal dishonesty and sexual promiscuity.

At the same time, Mr. Clinton has become a test case of whether this generation of Americans wants to sit in judgment on each other or be willing to live and let live.

More than 7 in 10 said adultery was unacceptable and "should not be tolerated." Yet when it comes to Mr. Clinton, what the public says and what it means are two different things: Fewer than half of those who said adultery "should not be tolerated" said Mr. Clinton's affair with Ms. Lewinsky was an important matter. Twice as many said it was important whether he had lied about it or encouraged Ms. Lewinsky to lie.

The survey, conducted by The Washington Post in collaboration with Harvard University and the Henry J. Kaiser Family Foundation, was virtually complete before the president's Aug. 17 speech acknowledging the widely suspected relationship with Ms. Lewinsky.

Mr. Clinton's actions are not viewed in isolation. They come at a time when many Americans are also upset by what they regard as other threatening social trends, from alcoholism to sexual harassment to homosexuality to homelessness.

Coming to judgment on Mr. Clinton requires resolving a complex of considerations. The survey found that 9 out of 10 Americans consider it unacceptable for a married person to have a sexual affair. The condemnation for that behavior was far stronger than for bearing a child out of wedlock, marijuana smoking or same-sex marriage.

Only one respondent in five said that

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For First Time, Mrs. Clinton Emphasizes Her Forgiveness

The Associated Press

Hillary Rodham Clinton, appearing with the president, declared her pride and admiration for her husband. Her spokeswoman said the first lady "stresses her support, her love and her forgiveness" for her husband. Previous statements expressed love and support, but this was the first to use the word "forgiveness." Page 3.

Dismay and Anger in Europe

Whether they felt he should stay or go, newspapers across the Continent expressed concern and anger over the situation in Washington. Some were fearful over the worldwide impact of impeachment or resignation, while others called on the president to step down. Page 7.

How to Get It on the Internet

Internet links to the report by Kenneth Starr and the White House rebuttal are available at the IHT web site: *www.iht.com.*

The reports and related text can also be found at *www.washingtonpost.com* and at *www.nytimes.com.*

AGENDA

Algeria Calls Early Presidential Election

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Crossword ..... Page 9.
Opinion ..... Page 6.
Sports ..... Pages 20-21.

Anger Rises in Iran

"You will see how we will react," the former Iranian president, Hashemi Rafsanjani, proclaimed at Friday prayers in Teheran, addressing himself to the extremist Taleban movement in Afghanistan. Iran is up in arms because Taleban gunmen killed Iranian diplomats in a city near the border after the Taleban gave assurances through Pakistan that the diplomats would not be hurt. Page 9.

ALGIERS (AP) — President Liamine Zeroual, facing increasing social strife and an Islamic insurgency that has defied a brutal crackdown for more than six years, announced Friday that he will cut short his mandate, calling early presidential elections.

Mr. Zeroual, speaking in a nationwide television address, said he would hold early elections for a new president before the end of February, less than six months from now.

Mr. Zeroual, a retired general, was elected to the presidency in November 1995 for a five year term that expires in 2000.

In the 40-minute speech, a retrospective of his time at the helm, Mr. Zeroual, 57, said his decision was based on his wish to "give the opposition concrete reality."

Primakov Wins Strong Duma Support

The Associated Press

Yevgeni Primakov awaiting vote.

Prime Minister Pleads for Time on Economy

By Daniel Williams
Washington Post Service

MOSCOW — The Russian Parliament overwhelmingly approved Yevgeni Primakov as prime minister on Friday after hearing him propose two Soviet-era "apparatchiks" for key economic posts.

Mr. Primakov promised to end unbridled capitalism, but also to continue with free-market reforms.

In a speech before the vote in the State Duma, the lower house, Mr. Primakov pleaded that he needed some time to work out a detailed economic plan.

Nonetheless, his first two appointments indicated a sharp turn away from the free-market approach that started to dominate Russian economic policy after the collapse of the Soviet system in December 1991.

The vote was 315 for Mr. Primakov and 63 against, with 15 abstentions. Communists and conservative, rural-oriented parties were joined by economic liberals in endorsing Mr. Primakov.

The confirmation was swift. The entire Duma session lasted less than two hours.

There was a reason for the rush. Russia is in swift decline, with tens of thousands of citizens deprived of access to savings in bankrupt banks, still others losing jobs as businesses close and with shoppers clearing stores of foodstuffs.

The ruble is in wild gyration and

See RUSSIA, Page 7

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Fear Grows in Kosovo Over Trapped Refugees

Reuters

DECANI, Serbia — Buses filled with women, children and old men left Friday from the western Kosovo town of Istinic, where 40,000 ethnic Albanian refugees had been trapped for two days by Serbs, witnesses said.

There were no fighting-age men on the buses, suggesting that Serbian security forces were separating suspected members of the Kosovo Liberation Army from their families, as happened in other villages in rebellious Kosovo over recent weeks.

Journalists who tried to gain access to Istinic were blocked by Serbian police units, as were representatives of the International Committee of the Red Cross. Some people saw this as an "ominous sign."

A Western diplomatic observer based in nearby Pec said he reached Istinic by a back road early Friday and found that many of the thousands of people who had been there a day earlier appeared to have left.

"If there are 7,000 people there today I'd be surprised," he said. "The Serbs say they immediately dispersed the refugees in coaches. I didn't see them leaving io coaches, I saw them walking in columns, nld women dragging suitcases. It was a pathetic sight.

"As for the men, there were some in groups, separated nut as KLA suspects. The wounded were separated, too. The Serbs said they were fighters."

In a conflicting account, Fernando del Mundo, a spokesman for the UN refugee agency said that he was in Istinic during the day but had oot see people being separated into groups.

He said he saw several men walking back to their villages.

Mr. del Mundo said the Kosovo governor, Veljko Odalovic, announced on Thursday that an aid center was being npened in Istinic for refugees. Twn trucks came with bread, he added.

"No one wnuld touch it," Mr. del Mundo said. "So they dumped it at the Mother Theresa warehouse in Istinic, where two cameras filmed anyone who came to collect it. One old man, named Bardosh Gashi, told me: 'I saw children whn had collected the bread go back to their villages. They were shouted at. The Serbs burn our houses, give us bread, and then they try to kill us.'"

Red Cross nfficials evacuated seven wounded people from the refugee column oo Thursday. UN officials said there were six fresh graves of refugees in Istinic.

Police units in trucks and private vehicles streamed towards the Istinic area from the directinn of Decani and Pec and the area seemed sealed off to outsiders. Reporters who tried to approach Istinic from the east were stopped in Celnpek.

Even though Serbian officers vowed Thursday that all men, women and children were free to return to their bomes, none were nbserved in Celopek, a dismal, largely destroyed village 15 kilometers (9 miles) east of Istinic.

Smoke was still rising from houses in other villages in the area.

Small numbers of refugees were observed walking or sitting along the main highway heading east from Pec towards Pristina and south from Pec toward Djakovica.

It was exactly a week ago that Serbian security forces surrounded thousands of ethnic Albanian refugees in Ponorac, separated hundreds of fighting-age men from their families and took them away for interrogation.

They later released most of the men but detained about 60, according to ethnic Albanian authorities.

Kim Schmit/Reuters

A wounded Kosovo refugee waiting in a field Friday outside the village of Istinic, among 40,000 ethnic Albanians trapped by Yugoslav units.

Russian Sailor, 19, Kills 8 in Submarine

The Associated Press

MOSCOW — A 19-year-old sailor on a Russian nuclear submarine seized a machine gun and killed at least eight crewmeo before barricading himself in the torpedo compartment of the vessel, officials said Friday.

Alexander Kuzminykh, a conscript who has been in the navy since last year, went on a shooting spree before dawn on the submarine in Severomorsk, near the city of Murmansk, the Defense Ministry said in a statement.

A standoff continned into the late afternoon, the statement added.

The Itar-Tass oews agency put the death toll at nine. The discrepancy could not be immediately clarified.

The craft is designed to carry cruise missiles and torpedos.

Kohl Challenger Casts Doubt On Yeltsin's Ability to Rule

By John Schmid
International Herald Tribune

FRANKFURT — Gerhard Schroeder, the challenger to Chancellor Helmut Kohl in this month's German election, took the unnsual step Friday of casting public doubt on the ability nf President Boris Yeltsin to maintain stability in Russia.

Asked if the embattled Mr. Yeltsin should resign amid Russia's economic and social turmoil, Mr. Schroeder told a German radio program, "I think that he can no longer provide sufficient stability as he did in past years. But I do not want to offer public advice."

German diplomats said the comment took them by surprise. Major voices among Russia's closest Western allies have been careful to he supportive of Mr. Yeltsin.

If Mr. Schroeder is elected in the Sept. 27 vote, as polls suggest, he will need to work closely with Mr. Yeltsin because of Germany's critical political and economic bonds to Russia.

The comment seemed at odds with Mr. Schroeder's previnus strategy, which has been to "guarantee" foreign policy continuity with Germany's closest partners.

Other officials probably concur that Mr. Yeltsin appears to be losing a power struggle in Russia — but they would avoid saying sn in public, diplomats said.

"I think Schroeder simply said what he read in the newspapers," said one Bonn diplomat. "He did not say anything wrong but as a statesman, he should not say that."

With the German election just nver twn weeks away, most observers reckon that Mr. Schroeder had domestic politics in mind rather than foreign affairs.

Mr. Schroeder and other leaders in the opposition Social Democratic Party have castigated Mr. Kohl in the past week as the "sauna buddy" nf Mr. Yeltsin, saying that Mr. Kohl shares blame for Russia's crisis because Mr. Kohl has put his chumminess with Mr. Yeltsin above the need to press for reforms in Russia.

"By gning after Yeltsin, he is really going after Kohl," said one Bonn official.

Mr. Kohl, by contrast, has presented himself to German vnters as a crisis manager who is best fit to help shape international policy in globally troubled times.

Russia Lags on Some Soviet-Debt Payments

Reuters

MOSCOW — Russia, in the throes of political and economic crises, said Friday it missed part nf its interest payments nn Soviet-era debt to some members of the Paris Club of country creditors.

Bot it vowed to hoaor all other sovereign debt payments, although some analysts said default remained.

The missed payment to Germany and some other countries, the latest blow to Russia's reputation on international capital markets.

"Russia is honnring all debts on agreements and contracts signed after Jan. 1, 1992, on due dates; there are on arrears at all," Deputy Finance Minister Mikhail Kasyanov said.

"Nevertheless, there are delays on interest payments in the framework nf a memorandum signed with the Paris Club on former Soviet Uninn foreign debt restructuring."

In Bonn, the German Finance Ministry said Russia had paid only 48.5 million marks oot of the total 800 million marks ($476 million) due.

Volkswagen: $12 Million Goes to Slave Labor Fund

By Edmund L. Andrews
New York Times Service

FRANKFURT — Faced with a new lawsuit over the use of slave labor during World War II, Volkswagen AG announced plans Friday to set up a fund of 20 million marks (about $12 million) to compensate surviving workers.

The fund will be overseen by Shimon Peres, a former prime minister of Israel, according to people working with the company.

The move comes at a time when U.S. lawyers have filed class-action suits over slave labor against Volkswagen and many other German industrial companies.

Most nf the companies acknowledge that they used slave laborers during Hitler's Third Reich, but they say they were forced to do so by the government.

It is considered unlikely that Vnlkswagen's decision will persuade people tn drop their class-action claims. A suit filed last month proposed to recapture a share nf each company's accumulated profits that can be attributed to slave labor. If the suit against the companies is successful, it would mean compensation in the hillions of dollars.

Volkswagen, along with most other German companies, continues tn deny any legal responsibility for its actions during the Hitler years.

But Vnlkswagen announced nearly twn months ago that it would create a compensation fund.

At the time, survivors' groups had not filed their lawsuit against Vnlkswagen but were threatening to do so.

Company executives warned that they did not want to be pinned down to precise numbers on the size of the new fund. But they estimate that between 1,000 and 2,000 forced laborers are still alive and that a fund nf $12 million would be enough to provide compensation.

The total would work out to an average payout of abont $12,000 or less for each survivor.

But the most dramatic revelation on Friday was the role of Mr. Peres, who presided nver many of the peace talks with Palestinians before being defeated in 1996 by Benjamin Netanyahu.

Mr. Peres, according to a person who spoke no the condition of anonymity, will head an independent board that will evaluate all the claims and decide how much to pay each survivnr.

The pressure on Volkswagen and the other German companies that are being sued has increased since Switzerland's three biggest banks reached a $1.25 billion settlement with Jewish organizations last month over money and gold that helonged to Holocaust victims and was never returned.

On the issue of slave labor, a group of lawyers in New York and Munich has sued all the German car manufacturers, including BMW and Daimler-Benz; electronic companies, including Siemens; steel companies, including Krupp, and chemical companies.

"This will not get Volkswagen off the hook in a legal sense," said Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center, a Jewish rights organization in Los Angeles that was active io lawsuits against Swiss banks. But he said it was "an important step because it will put pressure on the BMWs and all the other companies to stop hiding behind legal objections."

BRIEFLY

Bosnians to Vote On Republic Rule

SARAJEVO, Bosnia-Herzegovina — For the second time since their devastating war ended, Bosnians will start voting Saturday for national leaders. The outcome of the two-day election is most likely to decide how well the ethnically divided country will adhere to its peace agreement.

Western powers, led by the United States and the European Union hope ethnic-driven political parties that waged the civil war will lose support and fade away.

Ethnic nationalist sentiments remain strong among Bosnian Serbs and Bosnian Croats, and the outcome of major election contests involving their candidates were uncertain as campaigning ended Thursday. *(Reuters)*

Intellectuals Back Fugitive Terrorist

PARIS — The German Greens leader, Daniel Cohn-Bendit, and several French and German intellectuals issued a high-profile plea on Friday in favor of an accused terrorist, Hans-Joachim Klein, seized this week after 22 years on the run.

Io a letter published no the front page of Le Monde, the six confessed to having helped him throughout bis years as a fugitive from both the police and from vengeance by terrorists he denounced in a 1979 book.

Mr. Klein, 50, was arrested on Tuesday in a Normandy village.

He was jailed pending extradition to Germany. *(AFP)*

British Release 7 In Ulster Conflict

BELFAST — The British government freed seven convicted IRA and pro-British militants on Friday, the first paramilitary inmates to win parole under terms of the Nnrthern Ireland peace accord.

Three memhers of the outlawed Ulster Defense Associatinn, the largest paramilitary group rooted in hard-line Protestant areas, were the first to walk through the gates.

Dan Annesley, Matt McCormick and Gary Hall covered their faces.

Later, three members of the Irish Republican Army walked free through the same gates — Sean McGuigan, Louis McNally and Gerard Magee. *(AP)*

DEATH NOTICE

Dan Goodrich McNamara, M.D.

Dan G. McNamara, M.D. died at his home in Houston on September 9, 1998. He was born October 19, 1922 in Waco, Texas to the late John Bolivar McNamara and Alice Battle McNamara. Dr. McNamara was a graduate of Baylor University and Baylor College of Medicine. He served his internship at The Medical Center in Jersey City, New Jersey and his residency in pediatrics at Hermann Hospital in Houston and The Children's Hospital in St. Louis, Missouri. He was a Fellow in Pediatric Cardiology at the Johns Hopkins Hospital under Dr. Helen Taussig. Dr. McNamara served in the military at the United States Naval Hospital in Quantico, Virginia. In 1954 he returned to Houston and joined the Department of Pediatrics at Baylor College of Medicine as an Assistant Professor and formed the Division of Pediatric Cardiology within the Department of Pediatrics. He was promoted to Professor in 1969 and at the time of his death was Emeritus Chief of Pediatric Cardiology at Texas Children's Hospital. Dr. McNamara established the standards and the environment which led to the current outstanding program in pediatric cardiology at Texas Children's Hospital.

Dr McNamara was active as a Diplomate, Fellow and member in a number of professional boards and societies which include the American Board of Pediatrics, American Academy of Pediatrics, American College of Cardiology, American Pediatric Society, Beta chapter of Alpha Omega Alpha, Irish & American Pediatric Society, Association of European Pediatric Cardiologists, Cardiac Society of Australia & New Zealand, Harris County Medical Society and the American Medical Association. He served as President of the American College of Cardiology (1981-1982); was a member of the Executive Committee of Texas Children's Hospital (1986-1988); and was Chief of Medical Department of Texas Children's Hospital (1986-1988) Dr. McNamara trained an entire generation of Physicians including more than 35 current heads of Departments in respected hospitals and medical institutions around the world. He was an active member of Christ Church Cathedral for more than 50 years and served several terms on the Vestry. Dr. McNamara was a member of Houston Country Club and Texas Corinthian Yacht Club.

Dr. McNamara received many honors during his distinguished career in medicine including the Distinguished Alumnus Award in 1981 from Baylor College of Medicine: Distinguished Alumnus Award from Baylor University; Distinguished Fellow Award from the American College of Cardiology in 1990; Founder's Award, Cardiology Section, American Academy of Pediatrics in 1990; The Arnold J. Rudolph Baylor Pediatric Award for Lifetime Excellence in Teaching in 1997, and Master of American College of Cardiology Award in 1990. Dr. McNamara authored and co-authored nearly 300 articles and textbooks during his career and was an eminent consultant throughout his career with colleagues around the world. The prestigious teaching award in Pediatric Cardiology at Baylor College of Medicine was named for Dr. McNamara in 1997.

Dr McNamara is survived by a distinguished medical career which benefited countless patients, a multitude of friends who deeply respected his compassion for his fellow man and a devoted family, including his wife Kate Schweppe McNamara, brother John Bolivar McNamara and wife Nancy of Waco and his sister Alice McNamara Harwell of Waco. He was preceeded in death by his brother Guy B. McNamara. Dr. McNamara is also survived by daughter Alice Goodrich McNamara of Austin, Texas; daughter Ann and husband David Duclos of Middlebury, Vermont; daughter Mary and husband Christian Tashjian of Woodstock, New York; son Dan G. McNamara, Jr. and wife Joan of Austin, Texas; son Robert Weir McNamara and wife Judith of Fort Worth, Texas; stepchildren Kate Sharp Farris and husband Dr. Glen Woody Farris; Dudley C. Sharp III and wife Jane; M.H. Palmer Moldawer and wife Susanna; and brother-in-law Dr. H. Irving Schweppe, Jr. and wife Pauline. Dr. McNamara is also survived by 12 grandchildren.

Doctor McNamara's family is deeply grateful for the superior care and devoted vigilance by Dr. Stanley Appel, Dr. William Spencer and Dr. Dennis Hamil. The family is at home at 3711 San Felipe in Houston. Memorial services will be at 10:30 a.m. on Saturday, September 12, 1998 at Christ Church Cathedral, 1117 Texas Avenue in Houston with The Very Rev. Walter H. Taylor and The Rev. Canon Betty C. Adam officiating. Interment will be at The Cathedral and the family will receive friends at 3711 San Felipe following the memorial service.

Honorary Pallbearers will be the staff of the Department of Pediatric Cardiology at Baylor College of Medicine and Texas Children's Hospital. Pallbearers will be Captain David Adams of Key West, Florida; Mr. Edward Block of Key West, Florida; Dr. Timothy Bricker, Captain Earl Buckwalter of Key West, Florida; Dr. E. Lillo Crain, Jr.; Mr. James A. Elkins, Jr.; Mr. Hal Foster; Mr. Wiley Hammersmith; Dr. Charles Mullins; Dr. Michael Nihill; Dr. Joseph Reeves; Dr. Harvey Rosenthal; Dr. Thomas Vargo; Mr. F. Carrington Weems; Mr. Herbert Wells and Mr. David W. Wolkowsky of Key West, Florida.

For those who wish, memorials may be sent in Dr. McNamara's honor to The Division of Pediatric Cardiology, 2-2280; Texas Children's Hospital; 6621 Fannin, Houston, Texas 77030.

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MEMORIAL SERVICE

IN THE NAME OF GOD,
THE MERCIFUL
AND THE COMPASSIONATE

A Memorial Service will be held
on September 13, 1998, at 10 o'clock.
In memory of the late and deeply regretted

SLEIMAN ALI ABOU TAAM
and
SOUAD HASSAN KHALIL
(SAYYED)

who disappeared tragically in the fatal SR 111 accident,
September 3, 1998.

their children:	Ali, Hicham and Noura
Brothers of Sleiman:	Salem and the late Salim
Sisters of Sleiman:	Mariam, Khairiah, Sanniyah and Fatmeh.
Brothers of Souad:	Rached, Adel and the late Ali and Mohammad.
Sisters of Souad:	Mariam, Bahia, Najat and the late Fahima and Nassima.

Verses from The Koran will be recited,
followed by a funeral oration.

Mosque Al-Hajj Matar Husseiniah,
Airport Highway (between Shalita Round and Airport bridge)
Near the Sharour Establishment, Beirut, Lebanon.

TRAVEL UPDATE

Strikes at 2 Airlines May Be at an End

NEW YORK (NYT, Reuters) — Northwest Airlines and its pilots union reached a tentative agreement Friday to end a 13-day strike that bas disrupted travel in the Midwest and South, and in Toronto, 2,100 striking pilots are close to ending their strike at Air Canada.

Northwest will not begin flying again until the pilots accept the pact, airline officials said, while the union said its 17-member governing council wnuld meet in Minneapolis on Saturday to decide whether to approve the agreement.

Until then, the pilnts would remain on strike. The airline has said it will take 8 to 10 days after the pilots agree to return to work before it can resume its full schedule. The strike has been the longest against an airline since 1989.

Air Canada said that wben the deal with its pilnts was ratified it would begin phasing in operations within 24 hours. Service would resume to most destinatinns within three to four days once aircraft are repositioned and crews flnwo in to operate flights.

Air Canada's planes were grounded last week when talks failed over pilots' demands for higher wages.

The tropical storm designated Frances pummeled the Gulf Coast from Texas to Louisiana with high tides and heavy rain Friday, closing schools and forcing thousands of evacuatinns.

WEATHER

Europe

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Algarve	28/82	19/64	s	26/79	18/64	s
Amsterdam	12/53	9/48	r	13/55	8/46	sh
Ankara	32/89	13/55	pc	34/93	13/55	s
Athens	30/86	22/71	s	34/93	23/73	s
Barcelona	24/75	15/59	pc	19/66	9/48	s
Belgrade	30/86	18/64	pc	28/82	13/55	sh
Berlin	16/61	10/50	r	16/61	8/46	c
Brussels	13/55	7/44	r	13/55	7/44	c
Bucharest	29/84	13/55	s	33/91	18/64	pc
Budapest	26/79	16/61	r	21/70	8/48	r
Copenhagen	17/62	12/53	r	15/59	11/52	r
Costa Del Sol	31/88	20/68	s	28/82	19/66	s
Dublin	11/52	7/44	sh	13/55	8/46	sh
Edinburgh	12/53	8/46	pc	14/57	7/44	sh
Florence	21/70	14/57	r	22/71	7/44	s
Frankfurt	16/61	9/48	r	17/62	7/44	pc
Geneva	13/55	8/46	r	9/48	2/35	r
Helsinki	19/66	15/59	sh	22/71	13/55	sh
Istanbul	27/80	19/66	s	33/91	23/73	s
Kiev	25/77	13/55	s	26/79	18/64	pc
Las Palmas	27/80	21/70	s	27/80	23/73	s
Lisbon	23/73	14/57	pc	22/71	16/61	s
London	13/55	7/44	r	13/55	9/46	r
Madrid	28/82	12/53	pc	26/79	9/48	s
Mallorca	28/82	16/64	pc	24/75	11/52	s
Milan	22/71	12/53	pc	19/66	7/44	pc
Moscow	23/73	14/57	s	25/77	16/61	s
Munich	15/59	6/43	sh	11/52	4/39	r
Nice	19/66	14/57	c	18/64	9/48	pc
Oslo	18/64	12/53	c	16/61	11/52	r
Paris	12/53	8/46	r	13/55	5/41	pc
Prague	16/61	8/46	r	17/62	6/43	c
Reykjavik	7/44	2/35	sh	8/46	8/46	pc
Riga	22/71	18/64	r	20/68	14/57	r
Rome	23/73	18/64	r	22/71	10/50	sh
St. Petersburg	19/66	17/62	r	23/73	17/62	s
Sofia	27/80	15/59	pc	29/84	17/62	pc
Stockholm	17/62	15/59	r	17/62	10/50	sh
Strasbourg	14/57	9/48	r	11/52	4/39	r
Tallinn	18/64	16/61	sh	22/71	13/55	r
Tbilisi	23/73	12/53	pc	26/79	16/61	pc
Venice	22/71	12/53	c	18/66	8/46	s
Vienna	22/71	13/55	r	17/62	9/48	r
Warsaw	26/79	16/61	r	18/64	9/48	pc
Zurich	14/57	8/46	sh	9/48	3/37	r

Middle East

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Abu Dhabi	44/111	28/82	s	44/111	27/80	s
Beirut	29/84	22/71	s	30/86	23/73	s
Cairo	38/100	22/71	s	37/98	22/71	s
Damascus	35/95	12/53	s	36/97	13/55	s
Jerusalem	29/84	16/61	s	31/88	17/62	s
Luxor	40/104	22/71	s	42/107	21/70	s
Riyadh	42/107	23/73	s	42/107	26/79	s
Tehran	26/79	21/70	sh	30/86	23/73	pc

Forecast for Sunday through Tuesday, as provided by AccuWeather.

North America
Plenty of sun and warm in the Northeast Sunday and Monday, but it may thunderstorm Tuesday. The central and southern Plains will have another hot day Sunday, but strong thunderstorms will rumble from the Plains Monday to the Midwest Tuesday. A tropical wave may bring heavy rain to Miami.

Europe
Partly sunny, breezy and seasonably mild in London and Paris Sunday and Monday, then windy with rain Tuesday. Thunderstorms with heavy downpours will move from northern Italy into the Balkans Sunday and Monday. Mostly sunny, warm and breezy Sunday in Moscow; cooler with rain Tuesday.

Asia
Showers and thunderstorms in Beijing Sunday, then mostly sunny and not as warm Monday and Tuesday. Tokyo will be warm with some sun, but it may shower Tuesday. Rain will shift into northern Vietnam and the southeast corner of China. Steamy with scattered thunderstorms in southeast Asia.

Maps, forecasts and data provided by AccuWeather, Inc. ©1998 • http://www.accuweather.com

North America

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Anchorage	14/57	5/41	c	12/53	5/41	sh
Atlanta	30/86	20/68	pc	32/89	21/70	pc
Boston	29/84	17/62	sh	26/79	16/61	pc
Chicago	29/84	17/62	s	28/82	18/64	pc
Dallas	28/82	21/70	r	31/88	22/71	r
Denver	30/86	14/57	pc	29/84	12/53	t
Detroit	29/84	17/62	sh	26/79	17/62	pc
Honolulu	30/86	23/73	pc	32/89	23/73	pc
Houston	29/84	22/71	sh	31/88	22/71	c
Los Angeles	29/84	20/68	s	31/88	17/62	pc
Miami	32/89	26/79	pc	31/88	26/79	t
Minneapolis	28/82	18/64	pc	27/80	15/59	pc
Montreal	22/71	12/53	sh	22/71	14/57	pc
Nassau	31/88	23/73	pc	32/89	24/75	pc
New York	29/84	18/64	t	26/79	16/61	pc
Orlando	32/89	22/71	pc	32/89	23/73	pc
Phoenix	38/100	27/80	s	42/107	27/80	s
San Fran.	26/79	13/55	s	26/79	14/57	s
Seattle	23/73	13/55	s	24/75	13/55	pc
Toronto	23/73	12/53	sh	25/77	16/59	pc
Vancouver	23/73	14/57	pc	22/71	12/53	pc
Washington	33/91	19/66	pc	30/86	18/64	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather.

Asia

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Almaty	29/84	13/55	pc	22/71	13/55	sh
Bali	32/89	22/71	s	30/86	23/73	pc
Bangkok	33/91	25/77	r	33/91	25/77	r
Beijing	33/91	21/70	pc	32/89	21/70	c
Bombay	30/86	24/75	sh	30/86	25/77	r
Calcutta	33/91	27/80	pc	33/91	27/80	pc
Chiang Mai	34/93	24/75	pc	33/91	24/75	c
Colombo	29/84	25/77	r	28/82	25/77	r
Hanoi	33/91	27/80	c	34/93	29/84	pc
Ho Chi Minh	32/89	24/75	r	31/88	24/75	r
Hong Kong	32/89	27/80	pc	30/86	27/80	pc
Islamabad	36/97	24/75	pc	36/97	24/75	pc
Jakarta	32/89	23/73	pc	32/89	23/73	s
Karachi	33/91	27/80	pc	35/95	28/82	s
K. Lumpur	33/91	24/75	pc	32/89	24/75	c
K. Kinabalu	32/89	24/75	pc	31/88	24/75	sh
Manila	29/84	24/75	r	29/84	24/75	r
New Delhi	33/91	27/80	r	35/95	27/80	pc
Phnom Penh	31/88	24/75	t	30/86	24/75	r
Phuket	33/91	25/77	r	33/91	25/77	r
Rangoon	30/86	24/75	sh	29/84	24/75	r
Seoul	34/93	21/70	s	32/89	21/70	pc
Shanghai	31/88	23/73	pc	31/88	23/73	s
Singapore	31/88	22/71	pc	31/88	22/71	pc
Taipei	32/89	26/77	pc	31/88	26/79	r
Tokyo	27/80	24/75	c	28/82	24/75	pc
Vientiane	33/91	24/75	pc	32/89	24/75	r

Africa

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Algiers	32/89	19/66	s	28/82	16/61	pc
Cape Town	22/71	9/48	s	19/66	6/43	pc
Casablanca	27/80	18/64	s	26/79	19/66	s
Harare	22/71	10/50	pc	23/73	11/52	s
Johannesburg	17/62	8/48	c	17/62	13/55	sh
Lagos	28/82	23/73	r	28/82	23/73	c
Nairobi	26/79	11/52	c	26/79	19/66	c
Tunis	33/91	22/71	pc	36/97	19/66	s

Latin America

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Buenos Aires	14/57	8/46	pc	16/61	8/46	pc
Caracas	29/84	21/70	pc	29/84	22/71	pc
Lima	22/71	17/62	s	22/71	18/64	s
Mexico City	25/77	16/61	sh	22/71	15/59	c
Rio de Janeiro	27/80	22/71	sh	28/82	22/71	pc
Santiago	14/57	2/35	sh	18/64	6/43	pc

Oceania

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Auckland	13/55	8/43	s	14/57	8/46	s
Sydney	23/73	17/62	c	23/73	13/55	pc

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Battle for the Presidency/ *A Cabinet Member's Harsh Words*

Whitewater and Travel Inquiries Appear to Be Dead Issues

By Stephen Labaton
New York Times Service

WASHINGTON — The report to Congress from the independent counsel, whose inquiry began four years ago with an examination of a complicated land deal called Whitewater and extended to investigations involving the White House travel office and the administration's use of FBI files, finds no offense by President Bill Clinton in any of those areas that would merit impeachment, according to lawyers with knowledge of the report's content.

The report, the lawyers said, does draw parallels between the president's conduct in the investigation of his relationship with Monica Lewinsky and the Arkansas aspects of the inquiry. Indeed, it was the argument of the independent counsel, Kenneth Starr, that there were parallels, that gained him jurisdiction eight months ago to investigate a possible cover-up of Mr. Clinton's relationship with the White House intern.

But the report's section on impeachment charges — obstruction of justice, perjury, witness tampering and abuse of power — is grounded solely in Mr. Clinton's relationship to Ms. Lewinsky and his response to questions about it raised in a civil lawsuit, the lawyers said.

"It's fair to conclude that those other areas do not rise to the threshold of an impeachable offense," said John Bates, a former deputy independent counsel in the Whitewater inquiry. "It wouldn't make sense for the independent counsel to send two reports to Congress."

Allies of the independent counsel said Thursday that the fact that the report would be largely silent on the first three years of the inquiry, before the Lewinsky matter, meant only that the prosecutors had discovered no impeachable offenses in the many areas long under investigation by both Mr. Starr and his predecessor as the Whitewater independent counsel, Robert Fiske. In other words, there is not likely to be a subsequent impeachment report to Congress dealing with these other issues.

While Mr. Starr is required to submit a final report on all aspects of his inquiry to a special court and he could still be critical of the White House for its handling of those matters, the filing of the impeachment report signals that after years of examination, those avenues of inquiry may soon close.

Mr. Clinton and his supporters have long accused Mr. Starr of straying too far from his original mandate. That the impeachment report relies almost exclusively on the Lewinsky episode and ignores whole areas of the long investigation is almost certain to be seized upon by some Clinton allies as evidence that the independent counsel has no real case to make other than one involving private matters that would not ordinarily be prosecuted. But supporters of Mr. Starr noted that he had taken on all new areas of inquiry only with the approval of Attorney General Janet Reno. They also pointed to the narrow focus of the impeachment charges as a sign that Mr. Starr had conducted a fair investigation.

Investigators have spent four years examining whether the efforts by the president and Mrs. Clinton to suppress embarrassing details of their old financial dealings with the owners of a corrupt savings and loan association — in particular, their investment in the Whitewater real-estate development — amounted to a criminal cover-up or simply reflected an acceptable exercise in political damage control.

Last May, a federal grand jury in Arkansas completed a 30-month review of the matter by filing a single indictment, a criminal contempt case against Susan McDougal, one of the Clintons' business partners in the Whitewater land venture and an operator of the bank, the Madison Guaranty Savings and Loan of Little Rock.

The Arkansas phase of the investigation resulted in several criminal convictions, including those of Mrs. McDougal and her husband, James; Jim Guy Tucker, the governor who succeeded Mr. Clinton, and David Hale, a former local judge, on fraud and other charges.

The convictions were a mixed blessing. They forced some recalcitrant defendants to cooperate and provide new information about the Clintons. But they also made it difficult for prosecutors to build a case against the president and first lady based largely on the testimony of felons.

The inquiry was begun in January 1994 by Mr. Fiske, the original Whitewater prosecutor. He was appointed at a time when the independent counsel law had lapsed, however, and in August a court panel refused to reappoint him, naming Mr. Starr.

Mr. Starr began his inquiry on Aug. 5, 1994, when the court instructed him to investigate whether crimes were committed "relating in any way to James B. McDougal's, President William Jefferson Clinton's or Mrs. Hillary Rodham Clinton's relationship with Madison Guaranty Savings and Loan Association, Whitewater Development Corp., or Capital Management Services," the company controlled by Mr. Hale.

Mr. Hale had said that Mr. Clinton asked him to make an improper federally backed loan, some of which wound up in a Whitewater account. Under oath, the president has denied Mr. Hale's accusation.

While the court order appeared to focus on a rather discreet area, it also included a clause that granted Mr. Starr broad latitude. It said Mr. Starr also had jurisdiction to investigate serious crimes that may have been committed "by any person or entity developed during the independent counsel's investigation referred to above and connected with or arising out of that investigation."

Mr. Fiske had already expanded the inquiry, deciding to investigate Webster Hubbell, a close friend of the president's and a former Arkansas law partner of Mrs. Clinton's, on suspicion of stealing money from his former law firm and clients at the Rose Law Firm. Mr. Hubbell ultimately pleaded guilty to two felony counts of fraud and tax evasion.

Three years later, in seeking jurisdiction to investigate the president's relationship with Ms. Lewinsky, Mr. Starr argued that efforts by Mr. Clinton's friend Vernon Jordan to find the former intern a job paralleled earlier efforts by the president's allies, including Mr. Jordan, to help Mr. Hubbell in exchange for silence. That was not the only time that the attorney general approved an expansion of Mr. Starr's mandate. In 1996, she agreed to expand the inquiry to include an examination of whether two Arkansas bankers had improperly funneled money into one of Mr. Clinton's campaigns for governor. The bankers were ultimately acquitted on some of the charges, and prosecutors agreed to drop the remaining case.

Hillary Clinton Stresses Her 'Forgiveness'

New York Times Service

WASHINGTON — Hillary Rodham Clinton has declared her pride and admiration for her husband, after President Bill Clinton offered emotional apologies to senators and cabinet secretaries for misleading them over his relationship with Monica Lewinsky.

Appearing with the president at a gathering of Democratic donors here Thursday night, Mrs. Clinton gave him a rousing introduction, saying that he had "given faith again to people all over our country, that the American Dream can mean what it should mean."

She praised his "unrelenting determination to do what is best for America."

The president hugged her as he stepped to the lectern, and, beaming, she patted his back.

Her spokeswoman said the first lady "stresses her support, her love and her forgiveness" for her husband. Previous statements expressed love and support, but this was the first to use the word forgiveness.

Clinton Spars With Shalala In Emotional Staff Meeting

By Robert G. Kaiser and John F. Harris
Washington Post Service

WASHINGTON — At an emotional meeting with his cabinet, President Bill Clinton had a sharp exchange with his secretary of health and human services over her suggestion that the president believed enlightened policies could compensate for his failure to provide moral leadership, according to several participants.

Mr. Clinton invited the cabinet to his private residence on Thursday to apologize for the personal behavior that has led him into the worst crisis of his political career. With tears in his eyes at some points, Mr. Clinton pleaded for forgiveness and implored cabinet members to give him their support.

Many volunteered their backing, and talked in starkly personal terms about their feelings that the president had badly failed on a personal level but that he was on the path to redemption.

But Donna Shalala, the health and human services secretary, offered what two participants described as an unexpectedly "harsh" assessment.

The participants said Ms. Shalala rejected what she took as Mr. Clinton's implication that policies and programs were more important than whether he provided moral leadership.

"And then she said something like, 'I can't believe that is what you're telling us, that is what you believe — that you don't have an obligation to provide moral leadership,' " one participant recalled.

"She said something like 'I don't care about the lying, but I'm appalled at the behavior.' And frankly, he whacked her, let her have it," this source said. The president told Ms. Shalala that if her logic had prevailed in 1960, Richard Nixon would have been elected president instead of John Kennedy, the source said. After that, no other cabinet member had anything critical to say, the participant added.

Ms. Shalala declined to give any interviews after the session.

Two other participants, while recalling the same exchange, described it in somewhat softer tones. After first hearing Ms. Shalala, they said, Mr. Clinton responded calmly, saying he agreed that being a good person was just as important as being a good president.

J. Scott Applewhite/The Associated Press

Cabinet members talking about their meeting with the president. From left, Carol Browner, Rodney Slater, James Lee Witt and Dan Glickman.

But they said what seemed to Mr. Clinton like Ms. Shalala's moralizing tone clearly rankled him because he returned to her much later in the meeting. "He was saying that public character really matters, too," one participant said.

Nearly all the 20 or so cabinet-level officials who attended the session spoke, either directly in the meeting or in private comments with Mr. Clinton that extended for at least 20 minutes after the meeting broke up.

The comments reflected the sharply different personal styles of the participants. Transportation Secretary Rodney Slater and Labor Secretary Alexis Herman both quoted from Scripture, as did Mr. Clinton.

Interior Secretary Bruce Babbitt talked about going to confession as a child, according to one participant. Vice President Al Gore said he saw in the president someone who had made errors but now recognized that receiving "forgiveness means surrendering your anger."

Treasury Secretary Robert Rubin spoke in private with the same pragmatic style that is his public trademark. "You screwed up, but we all screw up sometimes," Mr. Rubin said, according to one participant, who said the secretary then praised Mr. Clinton's mastery of economic issues.

Other participants who attended said Mr. Clinton bared himself before his cabinet in a personal and somber way that they had never seen.

"It was not like any other cabinet meeting, for sure," Mr. Slater said.

The president said he was struck by the irony that as a governor he was often described as a "good guy but ineffective," but that in the midst of the Lewinsky scandal it has been said that he is an effective president but a bad person.

"He said, 'It's more important to be a good person than a good president, and I'm going to spend the rest of my life trying to atone for this,' " one participant said.

Mr. Clinton told the group that he has been profoundly angry for about 4½ years, one participant said. He did not explain this time frame. The first independent counsel to investigate Whitewater matters was appointed just over 4½ years ago. Mr. Clinton's comment about his anger was part of a "convoluted" opening speech asking forgiveness, the participant said.

The last time the full cabinet met was Jan. 23, two days after the first reports appeared alleging a sexual relationship between Mr. Clinton and Monica Lewinsky, a former White House intern. At that meeting, Mr. Clinton told the cabinet the allegations were untrue.

Ms. Herman described the meeting as "somber and serious. It was at times painful and it was very personal."

Mr. Rubin told NBC News that Mr. Clinton said he had made terrible mistakes, that he was deeply regretful.

Mr. Rubin said he felt no personal sense of betrayal. "I don't and I never have. I've worked with him now for almost six years. I think he's done an outstanding job as president. I think that he is serving this country and has served this country and will continue to serve this country extremely well."

BOOKS

JUSTINIAN

By H.N. Turteltaub. 511 pages. $26.95. Forge.

Reviewed by Brian Jacomb

H.N. TURTELTAUB is the pseudonym for what the dust jacket calls "a well-known fiction writer who is also a respected scholar of Byzantine history." He sets his story at a time (the late seventh century) when the imperial family ruled the Roman Empire from its palace in Constantinople, a city built to withstand the fiercest of invaders.

Though Turteltaub's main focus is the life of Justinian II, he first paints a concise but frank portrait of Constantine IV, Justinian's father, who died after suffering bouts of gout, kidney stones and finally dysentery brought on by eating fish swamped in rich sauces at the height of summer. As the reader soon learns, the two men were markedly different leaders.

One week after the old emperor's death, the 16-year-old Justinian assumes the crown with great pomp and ceremony. He is dressed in the official long red robe under a purple cloak with gold-embroidered border that is ablaze with shimmering pearls. Over his chest he wears a bejeweled scarf in the shape of the letter X to symbolize Christ's holy cross. And finally he walks in the purple boots that are permitted to the emperor alone.

Constantine's death is not the first tragedy Justinian has endured in his short life: His younger brother has also died. With that in mind and with the continuation of his family line to consider, he quickly marries and then loses his beloved wife in childbirth. Completely distraught, he irrationally blames his daughter, who survived, and will have nothing to do with her.

After his coronation, Justinian replaces several of his father's ministers. The new batch, especially his treasury officials, are ruthless, and their brutal methods of tax collection, such as suspending holdouts over a smoky fire, evoke murderous rage in the populace. When the victims plead their cases before Justinian, he either turns a deaf ear or has them thrown in prison to rot.

After a few years as emperor, Justinian grows ever more hotheaded and stubborn. Lacking his father's patience and wisdom, he makes hasty decisions, ignoring the advice of his elders and taking the shortest route to satisfy his greed and what he considers his God-given rights.

Turteltaub describes a massive gathering of bishops in the imperial city and the political ramifications flowing from it. Like previous rulers, Justinian had wanted to dictate what the church should and should not do, even to the point of threatening his rival, the pope, if he did not submit.

After ruling for 10 years, Justinian, like others before him, goes too far. Using strong-arm tactics on the lower orders is one thing, but when he proceeds to use the same methods on the nobles, and particularly Leontios, the leader of his armies, he gets his comeuppance. In a gruesome passage, the emperor is dragged from his palace, his tongue is split and his nose is cut off before he is sent into exile.

Up to this point the book has been action-packed, with many battle scenes and much palace intrigue. Now, with Justinian in exile in a remote fishing village, the pace noticeably slackens. Nevertheless Turteltaub commands the reader's attention with his account of the mutilated ex-emperor's efforts to become the "whole" man he never was while on the throne.

Brian Jacomb, who frequently writes about historical fiction, wrote this for The Washington Post.

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Away From Politics

• A mayoral commission in New York has urged the Police Department to prohibit off-duty officers from carrying guns when they drink. *(NYT)*

• The U.S. Air Force extended indefinitely the grounding of its fleet of 110 British-made student training planes. Six air force fliers have died in three crashes in the planes since 1995. *(Reuters)*

• Three large dogs attacked and killed an 8-year-old boy in Durham, North Carolina, after he climbed over a neighbor's backyard fence to visit an 8-year-old girl. The girl tried to save the boy by punching the dogs in the face and covering him with her body. *(AP)*

• A woman who was the lone teacher and principal in a one-room Christian school in southwest Virginia was indicted on Thursday for allegedly having a sexual affair with a former eighth grade student. *(Reuters)*

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Battle for the Presidency/ *The Special Prosecutor's Report*

The Associated Press

Following is an excerpt from the narrative section of the independent counsel's report to the House of Representatives. Readers should note that this excerpt contains sexually explicit passages.

Relationship With Monica Lewinsky

A. Introduction

This Referral presents substantial and credible information that President Clinton criminally obstructed the judicial process, first in a sexual harassment lawsuit in which he was the defendant and then in a grand jury investigation. The opening section of the Narrative provides an overview of the object of the President's cover-up, the sexual relationship between the President and Ms. Lewinsky. Subsequent sections recount the evolution of the relationship chronologically, including the sexual contacts, the President's efforts to get Ms. Lewinsky a job, Ms. Lewinsky's subpoena in Jones v. Clinton, the role of Vernon Jordan, the President's discussions with Ms. Lewinsky about her affidavit and deposition, the President's deposition testimony in Jones, the President's attempts to coach a potential witness in the harassment case, the President's false and misleading statements to aides and to the American public after the Lewinsky story became public, and, finally, the President's testimony before a federal grand jury.

B. Evidence Establishing Nature of Relationship

1. Physical Evidence

Physical evidence conclusively establishes that the President and Ms. Lewinsky had a sexual relationship. After reaching an immunity and cooperation agreement with the Office of the Independent Counsel on July 28, 1998, Ms. Lewinsky turned over a navy blue dress that she said she had worn during a sexual encounter with the President on February 28, 1997. According to Ms. Lewinsky, she noticed stains on the garment the next time she took it from her closet. From their location, she surmised that the stains were the President's semen.

Initial tests revealed that the stains are in fact semen. Based on that result, the OIC asked the President for a blood sample. After requesting and being given assurances that the OIC had an evidentiary basis for making the request, the President agreed. In the White House Map Room on August 3, 1998, the White House Physician drew a vial of blood from the President in the presence of an FBI agent and an OIC attorney. By conducting the two standard DNA comparison tests, the FBI Laboratory concluded that the President was the source of the DNA obtained from the dress. According to the more sensitive RFLP test, the genetic markers on the semen, which match the President's DNA, are characteristic of "one out of 7.87 trillion Caucasians.

In addition to the dress, Ms. Lewinsky provided what she said were answering machine tapes containing brief messages from the President, as well as several gifts that the President had given her.

2. Ms. Lewinsky's Statements

Ms. Lewinsky was extensively debriefed about her relationship with the President. For the initial evaluation of her credibility, she submitted to a detailed "proffer" interview on July 27, 1998. After entering into a cooperation agreement, she was questioned over the course of approximately 15 days. She also provided testimony under oath on three occasions: twice before the grand jury, and, because of the personal and sensitive nature of particular topics, once in a deposition. In addition, Ms. Lewinsky worked with prosecutors and investigators to create an 11-page chart that chronologically lists her contacts with President Clinton, including meetings, phone calls, gifts, and messages. Ms. Lewinsky twice verified the accuracy of the chart under oath.

In the evaluation of experienced prosecutors and investigators, Ms. Lewinsky has provided truthful information. She has not falsely inculpated the President. Harming him, she has testified, is "the last thing in the world I want to do."

Moreover, the OIC's immunity and cooperation agreement with Ms. Lewinsky includes safeguards crafted to ensure that she tells the truth. Court-ordered immunity and written immunity agreements often provide that the witness can be prosecuted only for false statements made during the period of cooperation, and not for the underlying offense. The OIC's agreement goes further, providing that Ms. Lewinsky will lose her immunity altogether if the government can prove to a federal district judge — by a preponderance of the evidence, not the higher standard of beyond a reasonable doubt — that she lied. Moreover, the agreement provides that, in the course of such a prosecution, the United States could introduce into evidence the statements made by Ms. Lewinsky during her cooperation. Since Ms. Lewinsky acknowledged in her proffer interview and in debriefings that she violated the law, she has a strong incentive to tell the truth: If she did not, it would be relatively straightforward to void the immunity agreement and prosecute her, using her own admissions against her.

3. Ms. Lewinsky's Confidants

Between 1995 and 1998, Ms. Lewinsky confided in 11 people about her relationship with the President. All have been questioned by the OIC, most before a federal grand jury: Andrew Bleiler, Catherine Allday Davis, Neysa Erbland, Kathleen Estep, Deborah Finerman, Dr. Irene Kassorla, Marcia Lewis, Ashley Raines, Linda Tripp, Natalie Ungvari, and Dale Young. Ms. Lewinsky told most of these confidants about events in her relationship with the President as they occurred, sometimes in considerable detail.

Some of Ms. Lewinsky's statements about the relationship were contemporaneously memorialized. These include deleted email recovered from her home computer and her Pentagon computer, email messages retained by two of the recipients, tape recordings of some of Ms. Lewinsky's conversations with Ms. Tripp, and notes taken by Ms. Tripp during some of their conversations. The Tripp notes, which have been extensively corroborated, refer specifically to places, dates, and times of physical contacts between the President and Ms. Lewinsky.

Everyone in whom Ms. Lewinsky confided in detail believed she was telling the truth about her relationship with the President. Ms. Lewinsky told her psychologist, Dr. Irene Kassorla, about the affair shortly after it began. Thereafter, she related details of sexual encounters soon after they occurred (sometimes calling from her White House office). Ms. Lewinsky showed no indications of delusional thinking, according to Dr. Kassorla, and Dr. Kassorla had no doubts whatsoever about the truth of what Ms. Lewinsky told her. Ms. Lewinsky's friend Catherine Allday Davis testified that she believed Ms. Lewinsky's accounts of the sexual relationship with the President because "I trusted in the way she had confided in me on other things in her life. . . . I just trusted the relationship, so I trusted her." Dale Young, a friend in whom Ms. Lewinsky confided starting in mid-1996, testified:

[I]f she was going to lie to me, she would have said to me, "Oh, he calls me all the time. He does wonderful things. He can't wait to see me." . . . [S]he would have embellished the story. You know, she wouldn't be telling me, "He told me he'd call me, I waited home all weekend and I didn't do anything and he didn't call and then he didn't call for two weeks."

4. Documents

In addition to her remarks and email to friends, Ms. Lewinsky wrote a number of documents, including letters and draft letters to the President. Among these documents are (i) papers found in a consensual search of her apartment; (ii) papers that Ms. Lewinsky turned over pursuant to her cooperation agreement, including a calendar with dates circled when she met or talked by telephone with the President in 1996 and 1997; and (iii) files recovered from Ms. Lewinsky's computers at home and at the Pentagon.

5. Consistency and Corroboration

The details of Ms. Lewinsky's many statements have been checked, cross-checked, and corroborated. When negotiations with Ms. Lewinsky in January and February 1998 did not culminate in an agreement, the OIC proceeded with a comprehensive investigation, which generated a great deal of probative evidence.

In July and August 1998, circumstances brought more direct and compelling evidence to the investigation. After the courts rejected a novel privilege claim, Secret Service officers and agents testified about their observations of the President and Ms. Lewinsky in the White House. Ms. Lewinsky agreed to submit to a proffer interview (previous negotiations had deadlocked over her refusal to do so), and, after assessing her credibility in that session, the OIC entered into a cooperation agreement with her. Pursuant to the cooperation agreement, Ms. Lewinsky turned over the dress that proved to bear traces of the President's semen. And the President, who had spurned six invitations to testify, finally agreed to provide his account to the grand jury. In that sworn testimony, he acknowledged "inappropriate intimate contact" with Ms. Lewinsky.

Because of the fashion in which the investigation had unfolded, in sum, a massive quantity of evidence was available to test and verify Ms. Lewinsky's statements during her proffer interview and her later cooperation. Consequently, Ms. Lewinsky's statements have been corroborated to a remarkable degree. Her detailed statements to the grand jury and the OIC in 1998 are consistent with statements to her confidants dating back to 1995, documents that she created, and physical evidence. Moreover, her accounts generally match the testimony of White House staff members; the testimony of Secret Service agents and officers; and White House records showing Ms. Lewinsky's entries and exits, the President's whereabouts, and the President's telephone calls.

C. Sexual Contacts

1. The President's Accounts

a. Jones Testimony

In the Jones deposition on January 17, 1998, the President denied having had "a sexual affair," "sexual relations," or a "sexual relationship" with Ms. Lewinsky. He noted that "[t]here are no curtains on the Oval Office, there are no curtains on my private office, there are no curtains or blinds that can close [on] the windows in my private dining room" and added: "I have done everything I could to avoid the kind of questions you are asking me here today. . . ."

During the deposition, the President's attorney, Robert Bennett, sought to limit questioning about Ms. Lewinsky. Mr. Bennett told Judge Susan Webber Wright that Ms. Lewinsky had executed "an affidavit which [Ms. Jones's lawyers] are in possession of saying that there is absolutely no sex of any kind in any manner, shape or form, with President Clinton" In a subsequent colloquy with Judge Wright, Mr. Bennett declared that as a result of "preparation of [President Clinton] for this deposition, the witness is fully aware of Ms. Lewinsky's affidavit."

The President did not dispute his legal representative's assertion that the President and Ms. Lewinsky had had "absolutely no sex of any kind in any manner, shape or form," nor did he dispute the implication that Ms. Lewinsky's affidavit, in denying "a sexual relationship," meant that there was "absolutely no sex of any kind in any manner, shape or form."

In subsequent questioning by his attorney, President Clinton testified under oath that Ms. Lewinsky's affidavit was "absolutely true."

b. Grand Jury Testimony

Testifying before the grand jury on August 17, 1998, seven months after his Jones deposition, the President acknowledged "inappropriate intimate contact" with Ms. Lewinsky but maintained that his January deposition testimony was accurate. In his account, "what began as a friendship [with Ms. Lewinsky] came to include this conduct."

He said he remembered "meeting her, or having my first real conversation with her during the government shutdown in November of '95" According to the President, the inappropriate contact occurred later (after Ms. Lewinsky's internship had ended), "in early 1996 and once in early 1997."

The President refused to answer questions about the precise nature of his intimate contacts with Ms. Lewinsky, but he did explain his earlier denials. As to his denial in the Jones deposition that he and Ms. Lewinsky had had a "sexual relationship," the President maintained that there can be no sexual relationship without sexual intercourse, regardless of what other sexual activities may transpire. He stated that "most ordinary Americans" would embrace this distinction.

The President also maintained that none of his sexual contacts with Ms. Lewinsky constituted "sexual relations" within a specific definition used in the Jones deposition. Under that definition:

[A] person engages in "sexual relation" when the person knowingly engages in or causes — contact with the genitalia, anus, groin, breast, inner thigh, or buttocks of any person with an intent to arouse or gratify the sexual desire of any person.x . . . "Contact" means intentional touching, either directly or through clothing.

According to what the President testified was his understanding, this definition "covers contact by the person being deposed with the enumerated areas, if the contact is done with an intent to arouse or gratify," but it does not cover oral sex performed on the person being deposed. He testified:

[I]f the deponent is the person who has oral sex performed on him, then the contact is with — not with anything on that list, but with the lips of another person. It seems to be self-evident that that's what it is. . . . Let me remind you, sir, I read this carefully.

In the President's view, "any person, reasonable person" would recognize that oral sex performed on the deponent falls outside the definition.

If Ms. Lewinsky performed oral sex on the President, then — under this interpretation — she engaged in sexual relations but he did not. The President refused to answer whether Ms. Lewinsky in fact had performed oral sex on him. He did testify that direct contact with Ms. Lewinsky's breasts or genitalia would fall within the definition, and he denied having had any such contact.

2. Ms. Lewinsky's Account

In his grand jury testimony, the President relied heavily on a particular interpretation as defined in the Jones deposition. Beyond insisting that his conduct did not fall within the Jones definition, he refused to answer questions about the nature of his physical contact with Ms. Lewinsky, thus placing the grand jury in the position of having to accept his conclusion without being able to explore the underlying facts.

This strategy — evidently an effort to account for possible traces of the President's semen on Ms. Lewinsky's clothing without undermining his position that he did not lie in the Jones deposition — mandates that this Referral set forth evidence of an explicit nature that otherwise would be omitted.

In light of the President's testimony, Ms. Lewinsky's accounts of their sexual encounters are indispensable for two reasons.

First, the detail and consistency of these accounts tend to bolster Ms. Lewinsky's credibility. Second, and particularly important, Ms. Lewinsky contradicts the President on a key issue. According to Ms. Lewinsky, the President touched her breasts and genitalia — which means that his conduct met the Jones definition of sexual relations even under his theory. On these matters, the evidence of the President's perjury cannot be presented without specific, explicit, and possibly offensive descriptions of sexual encounters.

According to Ms. Lewinsky, she and the President had ten sexual encounters, eight while she worked at the White House and two thereafter. The sexual encounters generally occurred in or near the private study off the Oval Office — most often in the windowless hallway outside the study. During many of their sexual encounters, the President stood leaning against the doorway of the bathroom across from the study, which, he told Ms. Lewinsky, eased his sore back.

Ms. Lewinsky testified that her physical relationship with the President included oral sex but not sexual intercourse. According to Ms. Lewinsky, she performed oral sex on the President; he never performed oral sex on her.

Initially, according to Ms. Lewinsky, the President would not let her perform oral sex to completion. In Ms. Lewinsky's understanding, his refusal was related to "trust and not knowing me well enough."

During their last two sexual encounters, both in 1997, he did ejaculate.

According to Ms. Lewinsky, she performed oral sex on the President on nine occasions. On all nine of those occasions, the President fondled and kissed her bare breasts. He touched her genitals, both through her underwear and directly, bringing her to orgasm on two occasions. On one occasion, the President inserted a cigar into her vagina. On another occasion, she and the President had brief genital-to-genital contact.

Whereas the President testified that "what began as a friendship came to include [intimate contact]," Ms. Lewinsky explained that the relationship moved in the opposite direction: "[T]he emotional and friendship aspects . . . developed after the beginning of our sexual relationship."

D. Emotional Attachment

As the relationship developed over time, Ms. Lewinsky grew emotionally attached to President Clinton. She testified: "I never expected to fall in love with the President. I was surprised that I did."

Ms. Lewinsky told him of her feelings. At times, she believed that he loved her too. They were physically affectionate: "A lot of hugging, holding hands sometimes. He always used to push the hair out of my face."

She called him "Handsome"; on occasion, he called her "Sweetie," "Baby," or sometimes "Dear."

He told her that he enjoyed talking to her — she recalled his saying that the two of them were "emotive and full of fire," and she made him feel young. He said he wished he could spend more time with her.

Ms. Lewinsky told confidants of the emotional underpinnings of the relationship as it evolved. According to her mother, Marcia Lewis, the President once told Ms. Lewinsky that she "had been hurt a lot or something by different men and that he would be her friend or he would help her, not hurt her."

According to Ms. Lewinsky's friend Neysa Erbland, President Clinton once confided in Ms. Lewinsky that he was uncertain whether he would remain married after he left the White House. He said in essence, "[W]ho knows what will happen four years from now when I am out of office?" Ms. Lewinsky thought, according to Ms. Erbland, that "maybe she will be his wife."

E. Conversations and Phone Messages

Ms. Lewinsky testified that she and the President "enjoyed talking to each other and being with each other." In her recollection, "We would tell jokes. We would talk about our childhoods. Talk about current events. I was always giving him my stupid ideas about what I thought should be done in the administration or different views on things."

One of Ms. Lewinsky's friends testified that, in her understanding, "[The President] would talk about his childhood and growing up, and [Ms. Lewinsky] would relay stories about her childhood and growing up. I guess normal conversations that you would have with someone that you're getting to know."

The longer conversations often occurred after their sexual contact. Ms. Lewinsky testified: "[W]hen I was working there [at the White House] . . . we'd start in the back [in or near the private study] and we'd talk and that was where we were physically intimate, and we'd usually end up, kind of the pillow talk of it, I guess, . . . sitting in the Oval Office. . . ." During several meetings when they were not sexually intimate, they talked in the Oval Office or in the area of the study.

Along with face-to-face meetings, according to Ms. Lewinsky, she spoke on the telephone with the President approximately 50 times, often after 10 P.M. and sometimes well after midnight. The President placed the calls himself or, during working hours, had his secretary, Betty Currie, do so; Ms. Lewinsky could not telephone him directly, though she sometimes reached him through Ms. Currie.

Ms. Lewinsky testified: "[W]e spent hours on the phone talking." Their telephone conversations were "[s]imilar to what we discussed in person, just how we were doing. A lot of discussions about my job, when I was trying to come back to the White House and then once I decided to move to New York.

"We talked about everything under the sun."

On 10 to 15 occasions, she and the President had phone sex. After phone sex late one night, the President fell asleep mid-conversation.

On four occasions, the President left very brief messages on Ms. Lewinsky's answering machine, though he told her that he did not like doing so because (in her recollection) he "felt it was a little unsafe." She saved his messages and played the tapes for several confidants, who said they believed that the voice was the President's.

By phone and in person, according to Ms. Lewinsky, she and the President sometimes had arguments. On a number of occasions in 1997, she complained that he had not brought her back from the Pentagon to work in the White House, as he had promised to do after the election.

In a face-to-face meeting on July 4, 1997, the President reprimanded her for a letter she had sent him that obliquely threatened to disclose their relationship. During an argument on December 6, 1997, according to Ms. Lewinsky, the President said that "he had never been treated as poorly by anyone else as I treated him," and added that "he spent more time with me than anyone else in the world, aside from his family, friends and staff, which I don't know exactly which category that put me in."

Testifying before the grand jury, the President confirmed that he and Ms. Lewinsky had had personal conversations, and he acknowledged that their telephone conversations sometimes included "inappropriate sexual banter."

The President said that Ms. Lewinsky told him about "her personal life," "her upbringing," and "her job ambitions." After terminating their intimate relationship in 1997, he said, he tried "to be a friend to Ms. Lewinsky, to be a counselor to her, to give her good advice, and to help her."

F. Gifts

Ms. Lewinsky and the President exchanged numerous gifts. By her estimate, she gave him about 30 items, and he gave her about 18. Ms. Lewinsky's first gift to him was a matted poem given by her and other White House interns to commemorate "National Boss Day," October 24, 1995. This was the only item reflected in White House records that Ms. Lewinsky gave the President before (in her account) the sexual relationship began, and the only item that he sent to the archives instead of keeping.

On November 20 — five days after the intimate relationship began, according to Ms. Lewinsky — she gave him a necktie, which he chose to keep rather than send to the archives. According to Ms. Lewinsky, the President telephoned the night she gave him the tie, then sent her a photo of himself wearing it. The tie was logged pursuant to White House procedures for gifts to the President.

In a draft note to the President in December 1997, Ms. Lewinsky wrote that she was "very particular about presents and could never give them to anyone else — they were all bought with you in mind."

Many of the 30 or so gifts that she gave the President reflected his interests in history, antiques, cigars, and frogs. Ms. Lewinsky gave him, among other things, six neckties, an antique paperweight showing the White House, a silver tabletop holder for cigars or cigarettes, a pair of sunglasses, a casual shirt, a ring emblazoned "Santa Monica," a frog figurine, a letter opener depicting a frog, several novels, a humorous book of quotations, and several antique books. He gave her, among other things, a hat pin, two brooches, a blanket, a marble bear figurine, and a special edition of Walt Whitman's Leaves of Grass.

Ms. Lewinsky construed it as a sign of affection when the President wore a necktie or other item of clothing she had given him. She testified: "I used to say to him that 'I like it when you wear my ties because then I know I'm close to your heart.' So — literally and figuratively."

The President was aware of her reaction, according to Ms. Lewinsky, and he would sometimes wear one of the items to reassure her — occasionally on the day they were scheduled to meet or the day after they had met in person or talked by telephone. The President would sometimes say to her, "Did you see I wore your tie the other day?"

In his grand jury testimony, the President acknowledged that he had exchanged a number of gifts with Ms. Lewinsky. After their intimate relationship ended in 1997, he testified, "[S]he continued to give me gifts. And I felt that it was a right thing to do to give her gifts back."

G. Messages

According to Ms. Lewinsky, she sent the President a number of cards and letters. In some, she expressed anger that he was "not paying enough attention to me"; in others, she said she missed him; in still others, she just sent "a funny card that I saw."

In early January 1998, she sent him, along with an antique book about American presidents, "[a]n embarrassing mushy note." She testified that the President never sent her any cards or notes other than formal thank-you letters.

Testifying before the grand jury, the President acknowledged having received cards and notes from Ms. Lewinsky that were "somewhat intimate" and "quite affectionate," even after the intimate relationship ended.

H. Secrecy

1. Mutual Understanding

Both Ms. Lewinsky and the President testified that they took steps to maintain the secrecy of the relationship. According to Ms. Lewinsky, the President from the outset stressed the importance of keeping the relationship secret. In her handwritten statement to this Office, Ms. Lewinsky wrote that "the President told Ms. L to deny a relationship, if ever asked about it. He also said something to the effect of if the two people who are involved say it didn't happen – it didn't happen." According to Ms. Lewinsky, the President sometimes asked if she had told anyone about their sexual relationship or about the gifts they had exchanged; she (falsely) assured him that she had not. She told him that "I would always deny it, I would always protect him," and he responded approvingly. The two of them had, in her words, "a mutual understanding" that they would "keep this private, so that meant deny it and . . . take whatever appropriate steps needed to be taken." When she and the President both were subpoenaed to testify in the Jones case, Ms. Lewinsky anticipated that "as we had on every other occasion and every other instance of this relationship, we would deny it."

In his grand jury testimony, the President confirmed his efforts to keep their liaisons secret. He said he did not want the facts of their relationship to be disclosed "in any context," and added: "I certainly didn't want this to come out, if I could help it. And I was concerned about that. I was embarrassed about it. I knew it was wrong." Asked if he wanted to avoid having the facts come out through Ms. Lewinsky's testimony in Jones, he said: "Well, I did not want her to have to testify and go through that. And, of course, I didn't want her to do that, of course not."

2. Cover Stories

For her visits to see the President, according to Ms. Lewinsky, "[T]here was always some sort of a cover." When visiting the President while she worked at the White House, she generally planned to tell anyone who asked (including Secret Service officers and agents) that she was delivering papers to the President. Ms. Lewinsky explained that this artifice may have originated when "I got there kind of saying, 'Oh, gee, here are your letters,' wink, wink, wink, and him saying, 'Okay, that's good.'" To back up her stories, she generally carried a folder on these visits. (In truth, according to Ms. Lewinsky, her job never required her to deliver papers to the President.) On a few occasions during her White House employment, Ms. Lewinsky and the President arranged to bump into each other in the hallway; he then would invite her to accompany him to the Oval Office. Later, after she left the White House and started working at the Pentagon, Ms. Lewinsky relied on Ms. Currie to arrange times when she could see the President. The cover story for those visits was that Ms. Lewinsky was coming to see Ms. Currie, not the President.

While the President did not expressly instruct her to lie, according to Ms. Lewinsky, he did suggest misleading cover stories. And, when she assured him that she planned to lie about the relationship, he responded approvingly. On the frequent occasions when Ms. Lewinsky promised that she would "always deny" the relationship and "always protect him," for example, the President responded, in her recollection, "'That's good,' or – something affirmative. . . . [N]ot – 'Don't deny it.'"

Once she was named as a possible witness in the Jones case, according to Ms. Lewinsky, the President reminded her of the cover stories. After telling her that she was a potential witness, the President suggested that, if she were subpoenaed, she could file an affidavit to avoid being deposed. He also told her she could say that, when working at the White House, she had sometimes delivered letters to him, and, after leaving her White House job, she had sometimes returned to visit Ms. Currie. (The President's own testimony in the Jones case mirrors the recommendations he made to Ms. Lewinsky for her testimony. In his deposition, the President testified that he saw Ms. Lewinsky "on two or three occasions" during the November 1995 government furlough, "one or two other times when she brought some documents to me," and "sometime before Christmas" when Ms. Lewinsky "came by to see Betty.")

In his grand jury testimony, the President acknowledged that he and Ms. Lewinsky "might have talked about what to do in a nonlegal context" to hide their relationship, and that he "might well have said" that Ms. Lewinsky should tell people that she was bringing letters to him or coming to visit Ms. Currie. But he also stated that "I never asked Ms. Lewinsky to lie."

3. Steps to Avoid Being Seen or Heard

After their first two sexual encounters during the November 1995 government shutdown, according to Ms. Lewinsky, her encounters with the President generally occurred on weekends, when fewer people were in the West Wing. Ms. Lewinsky testified:

He had told me . . . that he was usually around on the weekends and that it was okay to come see him on the weekends. So he would call and we would arrange either to bump into each other in the hall or that I would bring papers to the office.

From some of the President's comments, Ms. Lewinsky gathered that she should try to avoid being seen by several White House employees, including Nancy Hernreich, Deputy Assistant to the President and Director of Oval Office Operations, and Stephen Goodin, the President's personal aide.

Out of concern about being seen, the sexual encounters most often occurred in the windowless hallway outside the study. According to Ms. Lewinsky, the President was concerned that the two of them might be spotted through a White House window. When they were in the study together in the evenings, he sometimes turned out the light. Once, when she spotted a gardener outside the study window, they left the room. Ms. Lewinsky testified that, on December 28, 1997, "when I was getting my Christmas kiss" in the doorway to the study, the President was "looking out the window with his eyes wide open while he was kissing me and then I got mad because it wasn't very romantic." He responded, "Well, I was just looking to see to make sure no one was out there."

Fear of discovery constrained their sexual encounters in several respects, according to Ms. Lewinsky. The President ordinarily kept the door between the private hallway and the Oval Office several inches ajar during their encounters, both so that he could hear if anyone approached and so that anyone who did approach would be less likely to suspect impropriety. During their sexual encounters, Ms. Lewinsky testified, "[W]e were both aware of the volume and sometimes . . . I bit my hand – so that I wouldn't make any noise." On one occasion, according to Ms. Lewinsky, the President put his hand over her mouth during a sexual encounter to keep her quiet. Concerned that they might be interrupted abruptly, according to Ms. Lewinsky, the two of them never fully undressed.

While noting that "the door to the hallway was always somewhat open," the President testified that he did try to keep the intimate relationship secret: "I did what people do when they do the wrong thing. I tried to do it where nobody else was looking at it."

4. Ms. Lewinsky's Notes and Letters

The President expressed concern about documents that might hint at an improper relationship between them, according to Ms. Lewinsky. He cautioned her about messages she sent:

There were . . . some occasions when I sent him cards or notes that I wrote things that he deemed too personal to put on paper just in case something ever happened, if it got lost getting there or someone else opened it. So there were several times when he remarked to me, you know, you shouldn't put that on paper.

She said that the President made this point to her in their last conversation, on January 5, 1998, in reference to what she characterized as "[a]n embarrassing mushy note" she had sent him. In addition, according to Ms. Lewinsky, the President expressed concerns about official records that could establish aspects of their relationship. She said that on two occasions she asked the President if she could go upstairs to the Residence with him. No, he said, because a record is kept of everyone who accompanies him there.

The President testified before the grand jury: "I remember telling her she should be careful what she wrote, because a lot of it was clearly inappropriate and would be embarrassing if somebody else read it."

5. Ms. Lewinsky's Evaluation of Their Secrecy Efforts

In two conversations recorded after she was subpoenaed in the Jones case, Ms. Lewinsky expressed confidence that her relationship with the President would never be discovered. She believed that no records showed her and the President alone in the area of the study. Regardless of the evidence, in any event, she would continue denying the relationship. "If someone looked in the study window, it's not me," she said. If someone produced tapes of her telephone calls with the President, she would say they were fakes.

In another recorded conversation, Ms. Lewinsky said she was especially comforted by the fact that the President, like her, would be swearing under oath that "nothing happened." She said:

[T]o tell you the truth, I'm not concerned all that much anymore because I know I'm not going to get in trouble. I will not get in trouble because you know what? The story I've signed under – under oath is what someone else is saying under oath.

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Battle for the Presidency / *The White House Rebuttal*

The Associated Press

The following was issued by the White House on Friday. (In the text, OIC refers to Kenneth Starr's Office of Independent Counsel):

Summary of Key Points of the President's Case in Anticipation of the Starr Report.

1. The President has acknowledged a serious mistake — an inappropriate relationship with Monica Lewinsky. He has taken responsibility for his actions, and he has apologized to the country, to his friends, leaders of his party, the cabinet and most importantly, his family.

This private mistake does not amount to an impeachable action. A relationship outside one's marriage is wrong — and the President admits that. It is not a high crime or misdemeanor. The Constitution specifically states that Congress shall impeach only for "treason, bribery or other high crimes and misdemeanors." These words in the Constitution were chosen with great care, and after extensive deliberations.

2. "High crimes and misdemeanors" had a fixed meaning to the Framers of our Constitution — it meant wrongs committed against our system of government. The impeachment clause was designed to protect our country against a President who was using his official powers against the nation, against the American people, against our society. It was never designed to allow a political body to force a President from office for a very personal mistake.

3. Remember — this report is based entirely on allegations obtained by a grand jury — reams and reams of allegations and purported "evidence" that would never be admitted in court, that has never been seen by the President or his lawyers, and that was not subject to cross — examination or any other traditional safeguards to ensure its credibility.

4. Grand juries are not designed to search for truth. They do not and are not intended to ensure credibility, reliability, or simple fairness. They only exist to accuse. Yet this is the process that the Independent Counsel has chosen to provide the "evidence" to write his report.

5. The law defines perjury very clearly. Perjury requires proof that an individual knowingly made a false statement while under oath. Answers to questions that are literally true are not perjury. Even if an answer doesn't directly answer the question asked, it is not perjury if it is true — no accused has an obligation to help his accuser. Answers to fundamentally ambiguous questions also can never be perjury. And nobody can be convicted of perjury based on only one other person's testimony.

6. The President did not commit perjury. Most of the illegal leaks suggesting his testimony was perjurious falsely describe his testimony. First of all, the President never testified in the Jones deposition that he was not alone with Ms. Lewinsky. The President never testified that his relationship with Ms. Lewinsky was the same as with any other intern. To the contrary, he admitted exchanging gifts with her, knowing about her job search, receiving cards and notes from her, and knowing other details of her personal life that made it plain he had a special relationship with her.

7. The President has admitted he had an improper sexual relationship with Ms. Lewinsky. In a civil deposition, he gave narrow answers to ambiguous questions. As a matter of law, those answers could not give rise to a criminal charge of perjury. In the face of the President's admission of his relationship, the disclosure of lurid and salacious allegations can only be intended to humiliate the President and force him from office.

8. There was no obstruction of justice. We believe Betty Currie testified that Ms. Lewinsky asked her to hold the gifts and that the President never talked to her about the gifts.

The President admitted giving and receiving gifts from Ms. Lewinsky when he was asked about it. The President never asked Ms. Lewinsky to get rid of the gifts and he never asked Ms. Currie to get them. We believe that Ms. Currie's testimony supports the President's.

9. The President never tried to get Ms. Lewinsky a job after she left the White House in order to influence her testimony in the Paula Jones case. The President knew Ms. Lewinsky was unhappy in her Pentagon job after she left the White House and did ask the White House personnel office to treat her fairly in her job search. He never instructed anyone to hire her, or even indicated that he very much wanted it to happen. Ms. Lewinsky was never offered a job at the White House after she left — and it's pretty apparent that if the President had ordered it, she would have been.

10. The President did not facilitate Ms. Lewinsky's interview with Bill Richardson, or her discussions with Vernon Jordan. Betty Currie asked John Podesta if he could help her with her New York job search which led to an interview with Bill Richardson, and Ms. Currie also put her in touch with her longtime friend, Mr. Jordan. Mr. Jordan has made it clear that this is the case, and, as a private individual, he is free to offer job advice wherever he sees fit.

11. There was no witness tampering. Betty Currie was not supposed to be a witness in the Paula Jones case. If she was not called or going to be called, it was impossible for any conversations the President had with her to be witness tampering. The President testified that he did not in any way attempt to influence her recollection.

12. There is no "talking points" smoking gun. Numerous illegal leaks painted the mysterious talking points as the proof that the President or his staff attempted to suborn the perjury of Monica Lewinsky or Linda Tripp. The OIC's spokesman said that the "talking points" were the "key" to Starr even being granted authority to investigate the President's private life. Yet in the end, Ms. Lewinsky has apparently admitted the talking points were written by her alone [or with Ms. Tripp's assistance], and the President was not asked one single question about them in his grand jury appearance.

13. Invocation of privileges was not an abuse of power. The President's lawful assertion of privileges in a court of law was only made on the advice of his Counsel, and was in significant measure validated by the courts. The legal claims were advanced sparingly and as a last resort after all attempts at compromise by the White House Counsel's office were rejected to protect the core constitutional and institutional interests of this and future presidencies.

14. Neither the President nor the White House played a role in the Secret Service's lawful efforts to prevent agents from testifying to preserve its protective function. The President never asked, directed or participated in any decision regarding the protective function privilege. Neither did any White House official. The Treasury and Justice Departments independently decided to respond to the historically unprecedented subpoenas of Secret Service personnel and to pursue the privilege to ensure the protection of this and future presidents.

15. The President did not abuse his power by permitting White House staff to comment on the investigation. The President has acknowledged misleading his family, staff and the country about the nature of his relationship with Ms. Lewinsky, and he has apologized and asked for forgiveness. However, this personal failing does not constitute a criminal abuse of power. If allowing aides to repeat misleading statements is a crime, then any number of public officials are guilty of misusing their office for as long as they fail to admit wrong doing in response to any allegation about their activities.

16. The actions of White House attorneys were completely lawful. The White House Counsel attorneys provided the President and White House officials with informed, candid advice on issues raised during this investigation that affected the President's official duties. This was especially necessary given the fact that impeachment proceedings against the President were a possible result of the OIC's investigation from Day One. In fact, throughout the investigation, the OIC relied on the White House Counsel's office for assistance in gathering information and arranging interviews and grand jury appearances. The Counsel's office's actions were well known to the OIC throughout the investigation and no objection was ever voiced.

This means that the OIC report is left with nothing but the details of a private sexual relationship, told in graphic details with the intent to embarrass. Given the flimsy and unsubstantiated basis for the accusations, there is a complete lack of any credible evidence to initiate an impeachment inquiry concerning the President. And the principal purpose of this investigation, and the OIC's report, is to embarrass the President and titillate the public by producing a document that is little more than an unreliable, one — sided account of sexual behavior.

Where's Whitewater? The OIC's allegations reportedly include no suggestion of wrongdoing by the President in any of the areas which Mr. Starr spend four years investigating: Whitewater, the FBI files and the White House travel ffice. What began as an inquiry into a 24 year old land deal in Arkansas has ended as an inquest into brief, improper personal encounters between the President and Monica Lewinsky. Despite the exhaustive nature of the OIC's investigation into the Whitewater, FBI files and travel office matters, and a constant stream of suggestions of misconduct in the media over a period of years, to this day the OIC has never exonerated the President or the First Lady of wrongdoing.

Clinton's Woes Pose Re-election Hurdle for Women in Senate

By Francis X. Clines
New York Times Service

WASHINGTON — There is a grim joke current among Senators Barbara Boxer, Carol Moseley-Braun and Patty Murray, the victors of the "Year of the Woman" elections of 1992, when the notion that some male politicians "just don't get it" helped drive their successful campaigns.

"Now we're running again in what we call the 'Year of the Woman-Target,'" Ms. Moseley-Braun said, noting that all three Democratic women, who first won amid a wave of voter concern about the issue of sex and politics, are in tight re-election races.

Campaigning, they made a banner issue of sexual harassment in the political workplace, brought to prominence in Anita Hill's testimony at Supreme Court confirmation hearings for Clarence Thomas. The new senators then pushed forward the Senate ethics process that led to the resignation of Bob Packwood in the face of allegations of sexual misconduct.

The report on the president's conduct, landing in Congress as the senators' campaigns are in the homestretch, may only compound their political vulnerability. The Year of the Woman victors have had to rebut criticism that they have been more considerate of the president then they were of Mr. Packwood. "I was personally hurt, because I was going around saying I believed in the president," Ms. Moseley-Braun said as political unease swept Democratic ranks with the release of the Starr report. "I was caught flat-footed by his admitting he lied. I was not a happy camper."

Opponents have not missed the openings for sound bites. "Barbara, your silence on this issue is deafening," California Treasurer Matt Fong, Ms. Boxer's opponent, told her in a debate last month.

One of Ms. Murray's opponents, Representative Linda Smith of Washington, makes a similar accusation, playing on the senator's "mom in tennis shoes" campaign image. "She seems to have traded in her tennis shoes for a pair of Hush Puppies," she tells state voters, referring to a footwear brand.

Ms. Murray, who describes herself as "upset and angry" with the president for his private behavior, insists that her constituents are concerned about health care, education and other issues, not the president's conduct. "They aren't focused on that," she said at a rally in her home state. "They are focused on what is real to them."

Republicans say the problem posed by Mr. Clinton for his party's candidates is far broader than gender politics. "Democrats are running from the president like scalded dogs," said Mary Crawford, spokeswoman for the National Republican Congressional Committee.

"And for women who have been outspoken in other situations, where Republicans were the focus of scrutiny, to take a different stance now will raise another eyebrow among the public," she said.

Privately, Democratic candidates fear that Mr. Clinton's problems risk making this the Year of the Albatross for them. The president conceded as much Wednesday during a Florida visit when he thanked a local candidate just for being at his side. "Now that he's stuck up for me, he may be in some sort of a political disadvantage," the candidate said.

Ms. Boxer, after a solid month of campaigning in California, quickly took to the Senate floor this week before the impeachment report arrived to put her criticism of the president's personal behavior in the official record.

But she pleaded no less that other issues of her campaign not become engulfed by the impeachment storm.

"We could have another Year of the Woman as a result of all this," Ms. Boxer said Wednesday when asked how female candidates and voters might be affected by tales of the president's behavior that spill out from the independent counsel's report.

"It's possible," she said. "Or the opposite is possible. We could have a depressed turnout. It's volatile."

The president could have made things easier this campaign season by coming clean months ago, Ms. Boxer said. "But if I lose it's my fault," she said.

Like a Rerun, Clinton Keeps Saying 'Sorry'

New York Times Service

Since President Bill Clinton's address to the nation last month, in which he acknowledged having had an "inappropriate relationship" with Monica Lewinsky, he has spoken several times about his regrets and remorse. Following are excerpts..

Aug. 17 (in a televised address to the nation):

"Indeed, I did have a relationship with Ms. Lewinsky that was not appropriate. In fact, it was wrong. It constituted a critical lapse in judgment and a personal failure on my part for which I am solely and completely responsible.

"I know that my public comments and my silence about this matter gave a false impression. I misled people, including my wife. I deeply regret that."

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Sept. 2 (at a Kremlin news conference in Moscow):

"I have acknowledged that I made a mistake, said that I regretted it, asked to be forgiven, spent a lot of very valuable time with my family in the last couple of weeks and said I was going back to work.

"I thought it was clear that I was expressing my profound regret to all who were hurt and to all who were involved, and my desire not to see any more people hurt by this process and caught up in it."

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Sept. 4 (during a picture-taking session in Dublin with Ireland's prime minister):

"I've already said that I made a bad mistake, it was indefensible and I'm sorry about it. So I have nothing else to say except that I can't disagree with anyone else who wants to be critical of what I have already acknowledged was indefensible."

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Sept. 9 (at an afternoon fund-raiser in Orlando, Florida, for Lieutenant Governor Buddy MacKay, the Democratic candidate for governor):

"I have been your friend. I've done my best to be your friend. But I also let you down, and I let my family down, and I let this country down. But I'm trying to make it right. And I'm determined never to let anything like that happen again.

"So I ask for your understanding, for your forgiveness on this journey we're on."

And in Coral Gables, Fla.:

"I've tried to do a good job taking care of this country, even when I haven't taken such good care of myself and my family, my obligations. I hope that you and others I have injured will forgive me for the mistakes I've made."

Larry Downing/Reuters

Tom Daschle leaving a meeting with the president and Senate colleagues.

Web Lets Americans Judge Clinton's Behavior Instantly

Washington Post Service

WASHINGTON — When the 445-page summary of independent counsel Kenneth Starr landed on the Internet on Friday afternoon, it hardly started an online dissection of President Bill Clinton.

Despite what Congress or party leaders might decide, hundreds of thousands of people have been conducting "impeachment hearings" on Mr. Clinton in newsgroups and on Web sites for months.

The global network of computers has caused a major change in the way American society views its public affairs.

A similarly thorough shift occurred in 1954 when another new technology, television, altered public opinion with live broadcasts of the Army-McCarthy hearings. Television allowed Americans to see their representatives at work as they investigated Senator Joseph McCarthy's conduct.

The Internet, which encourages millions of people to process the accusations against the president and their implications at the speed of light, has been a major factor in the scandal.

Many have watched the saga unravel on their computer screens, from Matt Drudge's early leak of a Newsweek story about Mr. Clinton's relationship with an intern to Monica Lewinsky's alleged home page on America Online to Mr. Starr's report. Along the way, public outrage has ebbed and flowed on message boards, in chat rooms and in on-line political discussions.

Anti-Clinton and impeachment-oriented Web sites and newsgroups abound. The newsgroup *alt.impeach.clinton*, at *www.dejanews.com*, has been a hub of bubbub.

"Clinton is great — Impeach the Republicans," one loyalist wrote Thursday.

To which someone replied, "Impeach them all, especially if they fail to impeach Clinton."

One adult site, Thee Underground, has started a poll titled "Should Clinton Be Impeached?" With nearly 1,200 votes in, 61 percent of the respondents said "yes."

Reaping the Whirlwind, At a Still Unknown Cost

Something's Going to Happen, Ex-Senator Says As Tourists Marvel at the Hordes of TV Crews

By Francis X. Clines
New York Times Service

WASHINGTON — Bracing himself for a long, tough defense of President Bill Clinton, the Senate minority leader, Tom Daschle, was the first to stand before open microphones and yearn for "closure," the cliché word of modern tragedy and its wished-for ending by stricken participants.

His counterpart in the House, Dick Gephardt, the minority leader, seemed no less doloroously burdened by the possibility of an impeachment process.

"We don't do this often, thankfully," he said Thursday, speaking outside the chamber while lawmakers within, as if in escape, talked of such issues as migratory bird-hunting regulations and the English Language Fluency Act.

"You do not overturn an election of the American people on a whim," Mr. Gephardt said darkly.

Six blocks away, the Starr report rested through what was a generally excruciating day of waiting on Capitol Hill, a boxed-up epic under lock and armed guard, ready to be cued up for its presentation Friday to the lawmakers and the nation.

The obscure federal building where it rested on 2d Street Southwest — the Gerald R. Ford House Office Annex — was the first evidence for many denizens that anything here was ever named for Mr. Ford, the former House speaker who rose to the presidency in the Watergate scandal and now a celebrity golfer.

Mr. Ford remains a smiling witness to all troubled participants in the Clinton sex scandal inquiry of 1998 that this, too, shall pass away.

Television crews waited outside the nondescript Ford building, as if the scandal report might osmotically appear a day early as the leak of all leaks. The crews have been following its path by government van through Washington traffic as an overture to the impeachment inquiry that eerily summons images of the Bronco ride of O.J. Simpson, before his murder trial.

"Clinton will survive," Dotty, the waitress at the Market Inn, down the block from the Ford building, said with certainty as she took a break in the day's breezy sunshine. "I hear them all at the bar saying what a joke it is, everybody laughing about Clinton, saying it's his wife's business, nobody else's."

But most laughter tended to fade toward Capitol Hill, where a mood of political wanness seemed to mark the day as the eve of something explosive and all consuming, of a whirlwind to be reaped at some still unknown cost.

"I feel sadness," said Gloria Steele, a 61-year-old retiree visiting from Louisville, sitting on a shaded park bench as the Capitol dome gleamed gloriously against the blue sky. "We'll be changed by these events with Clinton, by the lack of trust. I grew up in an era when presidents and Sunday school teachers were role models."

Her husband, Sam, was quietly furious at what he described as the "greed-driven, money-driven" world of Washington politics.

> **'I feel sadness. I grew up in an era when presidents and Sunday school teachers were role models.'**
>
> **A Louisville retiree**

"That's the cancer, the money," he said, nodding toward the Capitol. "It's the moral compass for the people who can survive in the political system we have structured — the Bill Clintons of the world."

The Steeles moved up the Capital garden path past a cable-strewn pen where, as the noon hour approached, a mass of assorted television reporters poised at a thicket of cameras suddenly gathered their thoughts and primped their hair in near unison, seconds before the midday bulletin.

A group of foreign tourists seemed intrigued.

"I've never seen so many of the TV people here — for reasons that I don't need to verbalize," their guide, David Loving, announced loudly. "I don't know what to give you first — current politics or history. I guess I'll give you history because at least it's standing still."

But as he talked of architecture, the foreigners eyed the communications commotion. Jacques Feder, another tour guide, said, "They keep asking me how can Americans be so obsessed with sex? It's so banal."

On camera, the reporters' tone was far more breathless than banal as they talked to America of looming constitutional crisis.

Watching and listening from afar, an old Washington hand, Alan Simpson, retired senator of Wyoming, stayed in touch with his old Washington buddies from his new perch as director of the Institute of Politics at Harvard's Kennedy School of Government.

"The engines in Washington are melting!" he boomed in one phone conversation, offering parody, but wistfulness, too. "I can smell it: the energy level. The excitement level. It's out there. It's a huge generator. It's whirring. It's burning its bearings.

"Something's going to happen. Is it impeachment? Is it resignation?"

POLITICAL NOTES

British Are Betting Clinton Will Quit

LONDON — A British gambling firm reported a flood of bets Friday on how long Bill Clinton will remain the U.S. president, most from bettors expecting him to quit within months.

"There has been an enormous amount of trade," said Patrick Jay, head of the sports operation, called IG Index, which also handles political bets.

IG Index operates on a different basis from ordinary bookmakers. Instead of offering odds on a particular outcome, it quotes a "spread."

The "spread" on Mr. Clinton's term of office, which has already lasted 20 months, is 25 to 29 months.

If Mr. Clinton left office this weekend, for example, a bettor taking a "short" position would be paid five times his or her stake. But if Mr. Clinton served out his full 48-month term, the bettor would owe IG 23 (48 minus 25) times the stake.

Conventional bookmakers are declining for now to open a book on Mr. Clinton. *(Reuters)*

Senate Vote Blocks Financing Reform

WASHINGTON — The Senate has again blocked action on legislation to tighten the nation's campaign finance laws, dooming its last flickering chance for passage this year.

Unmoved by House approval of a similar measure last month, Republican foes of the bill held firm as the bill — for the second time this year — won support of a majority of senators but fell eight votes short of the 60 needed to force it to passage. The vote Thursday was 52 to 48.

Democratic backers of the bill vowed to continue pushing for approval of the measure before Congress adjourns next month.

"We will proceed on the issue this year until we get the job done," said Senator Russell Feingold of Wisconsin, the chief Democratic sponsor of the bill, indicating he intends to bring it up as an amendment to other bills. *(WP)*

Setback to Inquiry On Fund-Raising

WASHINGTON — A federal judge has delivered a harsh setback to Attorney General Janet Reno's campaign finance investigation, throwing out much of the government's case against Maria Hsia, a Democratic fund-raiser after finding that it was built on a prosecution theory that "defies logic."

U.S. District Judge Paul Friedman dismissed five of six felony charges Thursday against Ms. Hsia, one of the few key figures indicted in the 22-month Justice Department investigation of alleged fund-raising abuses by the 1996 Clinton-Gore re-election effort. Ms. Hsia first came to public attention for her role in organizing a 1996 campaign event held at a California Buddhist temple that was attended by Vice President Al Gore. *(WP)*

For the Record

Senate Republican leaders have generally agreed to a House Republican proposal to dip into the budget surplus to finance a $70 billion to $80 billion tax cut, setting the stage for a confrontation with President Bill Clinton. Mr. Clinton opposes using any budget surplus for tax relief and instead wants to focus on using the surplus to solve the financial difficulties of the Social Security program. *(WP)*

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Stone Wall Crumbles

The House of Representatives release of a large portion of Kenneth Starr's report was correct because it recognized the need for the public to reach an informed decision about President Bill Clinton's conduct in office and his political fate.

The call by the House speaker, Newt Gingrich, for decorous and fair debate is also encouraging and an affirmation of Congress's ability to avoid partisan warfare during times of national crisis.

There is, of course, some peril in putting so much potentially salacious material on the public record, but this is a necessary step in dealing with the extraordinary mess created by Mr. Clinton's recklessness and his decision to lie repeatedly to his staff, his cabinet, congressional Democrats and the American people.

In our society, information is the antidote for political dysfunction. Friday was a moment of maximum risk for Mr. Clinton, and it is therefore important that no one rush to a conclusion before the report has been fully studied.

It is a time, as Mr. Gingrich said, to "take a deep breath and allow the facts to lead us."

Facts, of course, are what the Democratic senators were demanding in their meeting with Mr. Clinton on Thursday. The president has clearly underestimated how seriously other political professionals take being lied to eyeball to eyeball. Senator Barbara Mikulski said it was important that "the president not engage in any more stonewalling."

Even Michael McCurry, the press secretary who has so loyally preserved that wall, seemed grumpy Thursday at the misleading work he has done for Mr. Clinton.

Asked why the senators had referred so specifically to the stone wall, Mr. McCurry said, "They probably referred to our inability to provide straightforward answers for eight months now."

Such expressions of disenchantment show what a struggle Mr. Clinton faces to establish himself as a leader who can be believed.

They also prove the folly of any president ignoring the fact that in Washington everything comes out sooner or later, and stone walls always collapse on their builders.

To a large degree, Mr. Clinton's immediate prospects depend on whether he can hold the Democrats. The House Democratic whip, David Bonior, and the Senate minority leader, Tom Daschle, have not bolted. But their expressions of loyalty could hardly be more conditional. Their responses underscore the reality that this presidency is on tenterhooks.

There has been little in Mr. Clinton's recent conduct to admire. But fairness dictates that he be given a full chance to rebut the allegations in Mr. Starr's report.

There are, meanwhile, reasons for pride in Congress's initial handling of the Starr report and in the Democratic leadership's attempts to discipline their president toward greater truthfulness and contrition.

There is reason for encouragement, too, in the fact that after months of squabbling and stonewalling, the public will at long last get a chance to judge Mr. Starr's account and Mr. Clinton's response to it.

—THE NEW YORK TIMES.

Russia's New Old Regime

Once again Russia will have a government to make any Politburo proud. President Boris Yeltsin's new prime minister, Yevgeni Primakov, 68, is a KGB veteran and friend of dictators everywhere.

Mr. Primakov's chief deputy for economic affairs is expected to be Yuri Maslyukov, a former head of the Soviet central planning agency.

And the new team's central bank chief is expected to be Viktor Gerashchenko, who held the same post in Soviet times and then helped undermine reform in the new Russia by pumping credits to money-losing enterprises, thereby fueling hyperinflation.

In one sense, this Soviet Restoration is a testament to Russian democracy. President Yeltsin, often criticized for his inability to compromise, this time flinched when the Duma, or lower house, twice rejected his first nominee for prime minister, Viktor Chernomyrdin.

A third defeat would at best have led to new elections at a time of economic crisis; at worst, the Duma would have refused to go home and piled a political crisis atop the economic one.

So Mr. Yeltsin's nomination of a compromise candidate favored by centrists and Communists alike represents a step away from confrontation.

But it is far less clear that Mr. Primakov and his new team can pull Russia out of its economic nosedive. He has said that he favors "reform."

Yet his past statements, his new team and the Communist support he will rely on suggest a version of reform likely to include a money-printing binge that would reignite inflation, along with much talk about supporting industry and living without foreign investment.

Supporting industry is fine in theory, but difficult for a bankrupt government. Russia will not climb out of bankruptcy without embracing many of the reforms it has thus far resisted — such as allowing the buying and selling of land, bolstering the rule of law and ensuring shareholder rights.

Mr. Primakov is an intelligent and capable man who will take over with little economic record. Perhaps he will use his mandate to promote true reform.

If not, the outlook calls for continued decline under a weak coalition government, followed by popular revulsion against both young reformers and old apparatchiks. The alternatives waiting in the wings are, in many cases, frightening.

—THE WASHINGTON POST.

Campaign Reform Sputters

After two days of debate, a clear majority of 52 senators have again demonstrated that they favor legislation to ban "soft money" and clean up the nation's corrupt election fund-raising system.

Unfortunately, those 52 votes were not enough to shut down a filibuster engineered by Trent Lott, the Senate majority leader. As a result, John McCain of Arizona, the leading Republican sponsor of campaign reform, withdrew his bill and seems ready to give up this year.

Abandoning the cause now would be a mistake. Campaign reform should be reintroduced again and again to dramatize its urgency and raise pressure on holdout senators.

Acting like the soul of magnanimity, Mr. Lott declared that he had done his best to give the legislation a full airing, and now it was time to get on to other business free of disruption by the reformers. But it is the opponents of campaign finance reform who are disrupting the Senate with their filibuster.

Mr. McCain has had a distinguished career as an independent-minded senator on campaign finance reform, tobacco legislation and other issues. To cave in to Mr. Lott's pressure is not worthy of him. He should make it clear that he will support, and even introduce, a series of attempts this month to keep campaign finance reform alive. Enough votes to break a filibuster can be assembled if pressure is maintained by Mr. McCain and by Senator Russell Feingold of Wisconsin and other Democrats.

The McCain-Feingold legislation would end the practice of harvesting huge sums in so-called "soft money" from corporations, unions and rich individuals, and then using the money to pay for campaign ads in circumvention of longstanding curbs on fund raising by candidates. Already Senate and House Republican and Democratic committees are using tens of millions of dollars in soft money for campaign ads this fall. Distracted as they are in this season of scandal, lawmakers must surely be able to see the sorry spectacle of special-interest money tainting the political process, and the public's growing revulsion. If they cannot see it, they should at least be required to face the issue again, this fall, in more votes.

—THE NEW YORK TIMES.

Racial Conspiracies Tear at Asia's Societal Fabric

By Philip Bowring

HONG KONG — There are few more emotive words than rape and race. Combine them with the word recession and you can quickly create a scenario for turmoil in the region if governments, particularly the shakier ones, allow themselves to be led by emotion.

There are several issues that, at first glance, appear unconnected but have some potentially dangerous links. One is the allegations of organized mass rapes of Chinese in Indonesia. Given the extent of mob violence against ethnic Chinese property in recent months, reports of rapes have some credibility. Many Chinese, shopkeepers in particular, have been living in fear. Chinese were used as scapegoats by some elements in the dying days of the Suharto regime and now in the struggle for the succession.

It would be surprising if there had not been some rape cases. How many is, of course, hard to find out, despite the best efforts of human rights organizations. But the reports appear to have been deliberately exaggerated. In some cases, reports have been fabricated and widely disseminated on the Internet. Presumably the objective has been to raise consciousness, particularly among ethnic Chinese around the world.

If so, they had the desired effect. In Beijing, the authorities were more willing than normal to permit a small anti-Indonesian demonstration. Groups in Canada protested anti-Chinese racism. In Hong Kong, newspapers put banner headlines on "atrocities," and callers to phone-in radio shows demanded that Beijing take action to protect Chinese. Western news organizations were assailed for not giving sufficient coverage to the rapes allegations.

The ethnic identification is natural, but has very likely been counterproductive, at least for the Chinese minorities in southeast Asia it was designed to help. It is also open to allegations of hypocrisy. Protesters' concern for human rights in Indonesia seemed to stop short of Aceh or East Timor, where the issue was murder, not rape, carried out at official instigation, not by random mob action.

Hong Kongers are quick to spot anti-Chinese racism in Canada, Australia and other places, not to mention Indonesia, but ignore it their own backyard.

China and Hong Kong both have nationality laws that are racially based. In Hong Kong those who can claim Chinese "blood," whatever their nationality or place of birth, have rights denied to non-Chinese.

"Victim" identification is the other side of the coin. Two years ago, the commercial achievements of ethnic Chinese, particularly in southeast Asia, was being trumpeted. Tycoons boasted of their massive contribution to the development of the motherland. This triumphalism, well supported by best-selling books in the West such as John Naisbitt's "Megatrends Asia," was always likely to end in tears.

Now, to try to bring Beijing into the equation is the most dangerous move of all. China's territorial ambitions in the South China Sea is regarded with fear in the Malay world. Worse, it gives succor to the racists on the other side, the ethnic Malay racists and Muslim extremists who would like all Chinese to be sent back to China. Every move by Chinese to make Indonesia into a global Chinese issue increases the paranoia of the majority.

National identity, not ethnic identity, has been the region's strength for 30 years, and it remains the only way ahead for southeast Asia. Integration — as in Thailand — is more urgent now than ever. It requires real effort on Jakarta's part and the removal of anti-Chinese practices. But equally it requires ethnic Chinese not to regard themselves as a race apart, united by mythical "blood" ties.

Racial and anti-foreign sentiment is a contagious disease that seems to be spreading. Prime Minister Mahathir bin Mohamad's vitriol against foreign "speculators" may be shrugged off as domestic politics and win some nationalist approval from all races in Malaysia.

But restrictions on capital movement are inevitably seen as having a racial, anti-Chinese as well as anti-foreign ingredient. Disputes with predominantly Chinese Singapore add to the danger of racial disharmony. And when Malay politics become deeply divided, as is happening in Malaysia and Indonesia, the danger to Chinese minorities increases, however low a profile the Chinese adopt.

Even in internationalist and free-market Hong Kong, the government has taken to barely veiled anti-foreign rhetoric.

The fall in stock prices is blamed on "manipulation" rather than previous gross overvaluation. The word "war" is used to justify massive use of public funds to "save" Hong Kong by propping up the worth of business groups whose debts are exceeded only by their political influence.

Media feedback suggest that supporters of the "war" do so more because of "nationalist" appeal than because they think it is money well spent.

Some of Asia's problems derive from excessive Western capital flows, in and out. But when governments start talking of "conspiracies" it is time to be on guard.

There is no particular reason to believe that, with good leadership, the majorities in Hong Kong, Malaysia or Indonesia will be overwhelmed by the playing of racial fears any more than Jean-Marie Le Pen in France and Pauline Hanson in Australia have become dictators of policy.

But those — be they Western, Malay or Chinese — who promote notions of racial conspiracies threaten the fabric of Asian societies that for 150 years have thrived on pluralism and openness.

International Herald Tribune.

With No Melting Pot, a Recipe for Failure in Bosnia

By Ben Reilly

STOCKHOLM — This weekend in Bosnia, the Organization for Security and Cooperation in Europe will conduct elections intended as the first step in the international community's "exit strategy" from that country. Under the Dayton peace plan, these elections will deliver a four-year mandate to politicians intended to form Bosnia's future government.

As in Namibia in 1989, Cambodia in 1993, Mozambique in 1994 and Haiti in 1995, the elections will be conducted and supervised by the international community, in the hope of creating a viable and legitimate national government. But because of the international community's short-sightedness in one key area — the design of the electoral system — this policy is likely to fail.

An overriding aim of the international community's policy in Bosnia is to build institutions that encourage moderate, "multiethnic" politics.

Unfortunately, Bosnia's political institutions offer few incentives for multiethnic behavior. The clearest example of this is the form of proportional representation used for elections to the Bosnian Parliament. This system, used throughout continental Europe, places a premium on replicating existing societal divisions in the legislature.

It works well in stable democracies that have well-developed cultures of accommodation and negotiation between party leaders and where the consensus model of democracy — parties governing together in large, inclusive coalitions — is an established norm.

Planners never learned from elections that worked.

But in a country like Bosnia, with no history of political accommodation, such a system is a disaster. Take the results of the last elections, in 1996. Because each of Bosnia's three major ethnic parties could rely exclusively on the votes of its own community for their electoral success, they had little incentive to act in an accommodating way on ethnic issues. In fact, the incentives were all in the other direction: The easiest way to mobilize support was by playing the "ethnic card." It need not be so. Electoral systems can be designed to promote accommodation and moderation in divided societies. The most reliable way to achieve this goal is to require elected politicians to gain some of their support from other ethnic groups. Politicians who must garner the votes of communities other than their own cannot play the ethnic card without fear of destroying their own support base.

Similarly, electoral systems can be designed so as to encourage voters to express not just their first choice, but also their 'least-worst' option. In other words, a Croat voter can be asked to choose not only his or her favored Croat candidate, but also the most acceptable Serb and Muslim candidates. In this way, moderate, centrist politicians dependent, at some level, on the support of all communities are likely to be elected, and the goal of multiethnic politics can be promoted rather than undermined.

There are many countries that offer useful models of such "constitutional engineering," but these are mostly located outside the radar of Bosnia's political decision-makers.

Lebanon, for example, has managed to hold together a society with divisions every bit as deep as Bosnia's by building a political system in which politicians have to garner votes from Christians and Muslims alike. South Africa's transition to democracy was based on a fundamental commitment to multiethnic candidate lists by major parties such as the African National Congress. The return to democracy in Fiji last year was built on a new electoral system designed to encourage both Indian and indigenous Fijians to vote for candidates from other communities as well as their own.

Surprisingly, despite the huge amounts of international money being poured into Bosnia's postwar reconstruction, virtually nothing has been spent on learning these lessons from elsewhere. This represents a major policy failure: If a political system is not built for Bosnia as it is, rather than as we wish it might be, then it will collapse at about the same time as the international community itself departs.

A system built on three nationalist, monoethnic and mutually antipathetic political parties is inherently unsustainable. The other options require a greater recognition of the real situation that confronts democracy in Bosnia today.

If the elections serve to cement the power of Bosnia's major nationalist parties, at the expense of other more moderate voices, then they will have had the perverse effect of undermining Bosnia's struggle for democracy.

The writer is a senior program officer at the International Institute of Democracy and Electoral Assistance. He contributed this comment to the International Herald Tribune.

Politics and Psychiatry: A Big Risk, But Why Not?

By Jim Hoagland

WASHINGTON — Americans have been told by many a recent front page or in conversation with friends that Bill Clinton is a compulsive risk-taker. The president is widely analyzed as a man who compartmentalizes the professional and the personal. He has a deep inner need to live in turmoil. The first marriage is depicted in meltdown, or in the deep freeze.

Good guesses all. But they come with this caution: None of us knows for sure. Mr. Clinton almost certainly does not know those things himself. I suspect not even he would take the big risk of presidential politics: seeking psychoanalytical or other mental professional help to get at and understand his deepest, most hidden motivations.

It is hard to imagine anyone anywhere still functioning in his or her job and personal life who could use such professional help more than this president at this moment. And yet few are less likely to seek it. Add that double bind to the list of tragic consequences of the situation the president has created for himself.

Psychoanalysis and other forms of advanced emotional exploration and therapy have long been seen by many American voters as bordering on voodoo, or as a fatal admission of weakness in the spiritual, moral and/or mental realms.

Richard Nixon quit seeing a doctor in the mid-1950s when a newspaper columnist suggested the visits were for psychiatric counseling. Exposure of Thomas Eagleton's limited electroshock treatment for depression instantly shredded his Democratic vice presidential nomination in 1972 and entrenched psychiatry as the hidden third rail of campaigns for national office.

Much has changed since then. Analysis is now accepted by health insurance companies and employers as a legitimate and useful medical expense and is seen by growing numbers of Americans as an effective way to deal with the pressures and conflicts of daily life. More and more candidates for local or state political office suffer no damaging consequences from saying they have been in analysis, therapy or counseling.

In Norway, Prime Minister Kjell Magne Bondevik publicly announced this summer he was taking a leave to deal with depression and the pressures of office. He immediately gained statements of sympathy and support from the public and opposition parties.

But American presidents, and would-be presidents, still are wary of public reaction in this area. Media coverage of the president's improper relationship with Monica Lewinsky has included extravagant speculation about this president's sexual habits, his ability to tell the truth, his marital problems and mental states. But I have encountered scant published or broadcast speculation about whether the president has sought what most people of his education, generation and outlook probably would automatically obtain: professional mental-health help.

Is this one place that editors and reporters sense is unfair to go without absolutely solid verification? Could suggesting that the president might be — or should be — seeing a psychiatrist be seen as a more unacceptable invasion of privacy than speculating about presidential body fluids?

There is a damaging double irony at work here. The Clinton presidency has been subjected to more psychobabble than any of its predecessors.

But the use of psychobabble also has been encouraged by the president and his aides. The presidential historian Michael Beschloss recalls that the Clinton 1992 campaign staff deftly let it be known that the candidate had taken part in group sessions with a family therapist in the 1980s, when his brother, Roger, was a drug offender. This presumably pre-empted Eagleton-type stories. In any event, it was quickly passed over by the press.

The second irony is more serious. Politicians live their lives seeking public adulation and risking public rejection. Along with actors, journalists, ballet dancers and artists they depend on scrutiny and/or acceptance by the public.

Of all professionals, politicians are among the most vulnerable to the slings and arrows of psychic fate. Of all professionals, politicians are among the most constrained in getting the help they may need.

Mr. Beschloss suggests that with the end of the Cold War, the American public will become more tolerant to the mingling of politics and psychiatry. May he be proven right. Presidents need all the help they can get.

The Washington Post.

Looking Back at a Mideast Hallelujah

By Uri Dromi

JERUSALEM — An anniversary is always a good time to contemplate cherished memories, and how history often cycles back on itself. On Sept. 13, 1993, I was standing with Israeli journalists on the White House South Lawn, watching my prime minister, Yitzhak Rabin shaking the hand of his former enemy, Yasser Arafat. The hallelujah emanating from the joyful crowd still rings in my ears. The unfulfilled promise still pains my heart.

A month earlier in Oslo, after fighting each other for decades, Israelis and Palestinians decided to give peace a chance. Gone were the big dreams, both of the Greater Land of Israel and of Greater Palestine, and each side embarked on the painful path toward accepting a new reality.

Abba Eban, the great Israeli diplomat, described the central theme of this process as "reciprocal self-interest" — Israelis were promised security; Palestinians were expecting sovereignty. Oslo was a turn from a zero-sum game to a win-win proposition.

But after the initial euphoria came the backlash of extremism, with terror attacks wreaking havoc. Violent anti-government demonstrations rocked the country.

Yet Mr. Rabin persevered. Like many Israelis he had his doubts, but having made up his mind, he carried on with steadfast courage. By and large, Israelis responded to his leadership. That fatal day in November 1995, when he was overpowered by three deadly bullets, changed history.

I had little time to reflect on what had happened until the funeral. Only when the casket was carried in, wrapped in the flag of Israel, did it finally hit me, that in it lay the body of my prime minister, and I began to sob. The man next to me grabbed my hand and held it quietly. He was chief of King Hussein's Royal Guard. We had met before, at the peace signing ceremony between Israel and Jordan, another fruit of Oslo. I can still feel the grip of his warm, comforting hand.

Finally, I remember the anti-terrorism summit meeting in Sharm el-Sheikh in 1996, convened in the wake of suicide bomb attacks in Israel. The image of the leaders of the Middle East marching together, arms linked in resolve to save the peace from its enemies, is still fresh in my mind.

Indulging in memories, however, will not rejuvenate the peace process. The believers in Oslo must reach for something more solid to preserve what is left of their optimism. And that is the continuing desire for peace by Israeli people.

While the peace process may have fallen into a coma, it is not dead. If Benjamin Netanyahu decides to resuscitate it, he will find most Israelis backing him wholeheartedly.

The writer was chief spokesman for the Israeli government from 1992 to 1996. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Chinese Politics

HONG KONG — The news of the dismissal of Li-Hung-Chang has been received with satisfaction by the British community. It is regarded as proof that the patriotic Chinese party, including many members of the governing class, have gained sufficient ascendancy over the Emperor to supersede the counsels of the Dowager Empress, whose protégé Li-Hung-Chang has been. The Young China party will be greatly strengthened. They have resented the high-handed policy of Russia, against which Li-Hung-Chang's dismissal marks a strong set-off. To that result the British Minister's firm stand and scathing exposures have materially contributed.

1923: Fiume Discord

GENEVA — Fearing trouble with Italy after the day fixed by Signor Mussolini for Italy to resume her liberty of action regarding Fiume, Yugo-Slavia intends to register the famous Treaty of Rapallo with the League of Nations within the next few days. This Treaty, which set up the Free States of Fiume and which the Serbs believe Signor Mussolini intends to disregard, has not yet been registered by either party. The registration of the treaty is designed by Yugo-Slavia to strengthen her cause in the event of trouble.

1948: Jinnah Dies

BOMBAY — The Indian news agency reported that Mohamed Ali Jinnah, Governor General of Pakistan, died at Karachi last night [Sept. 11]. He was seventy-two. Mr. Jinnah was one of the architects of the Dominion of Pakistan. As the leader of India's Moslems, he fought for the formation of a separate Moslem state, and won.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
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Internet address: http://www.iht.com E-Mail: iht@iht.com
Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 119800. Tel. (65) 473-7768. Fax: (65) 274-2334
Mng. Dir. Asia, Nigel I. Oakins, #1201, 191 Java Road, Hong Kong. Tel. 852-2922-1188. Fax: 852-2922-1190
Gen. Mgr. Germany: T. Schlüter, Friedrichstr. 15, 60323 Frankfurt/M. Tel. +49 69971250-0. Fax: +49 69971250-20
Pres. U.S.: Ann Blinkhorn, 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Fax: (212) 755-8785
U.K. Advertising Office: 63 Long Acre, London WC2. Tel. (171) 836-4802. Fax: (171) 240-2254
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White House Rebuttal Rejects Starr Charges

Aides Planned Counteroffensive in Secret

Compiled by Our Staff From Dispatches

WASHINGTON — The White House on Friday acted to preempt allegations in the report by the independent counsel, sending a rebuttal to Congress declaring that President Bill Clinton did not commit perjury, obstruct justice, tamper with witnesses or abuse the power of his office.

The report was part of a major counteroffensive, carefully planned in secret over the last few days by the president's top troubleshooters. It was preceded earlier in the day by a dramatic and emotional statement by the president himself that included his first public apology to Monica Lewinsky.

Many aides believe that speed is of the essence in responding to the Starr report, since public opinion may be exceptionally fluid once all details became public.

The White House report said Mr. Clinton had acknowledged having had an improper sexual relationship with Ms. Lewinsky but added: "The disclosure of lurid and salacious allegations can only be intended to humiliate the president and force him from office.

"Impeachment is a matter of incomparable gravity," Mr. Clinton's personal and White House lawyers wrote. "Even to discuss it is to discuss overturning the electoral will of the people."

"We do not believe the OIC (Office of Independent Counsel) can identify any conduct remotely approaching" the impeachment standard, said the 73-page rebuttal written by the attorney David Kendall and the White House counsel, Charles Ruff, and their associates.

"Instead from press reports, if true, it appears that the OIC has dangerously overreached to describe in the most dramatic of terms conduct that not only is not criminal but is actually proper and lawful," they added.

The report was released by the White House less than an hour after lawmakers voted to make public a report by Mr. Starr that is expected to accuse him of 11 impeachable offenses.

Among them: perjury, obstruction of justice, witness tampering and abuse of presidential power in his effort to conceal a relationship with Ms. Lewinsky.

The White House spokesman Joe Lockhart said the rebuttal, dispatched to a half-dozen House leaders, was not based on any advance peek at the report. "We don't know what's in the report, but we can read the newspapers," he said.

"We have been trying to make sure the public understands that these are the prosecutor's accusations," said another White House official. "It is necessarily one-sided and it requires a response."

The White House rebuttal said that Mr. Clinton had acknowledged "a serious mistake" in his relationship.

"This private mistake does not amount to an impeachable action," the report said. It went on to say that Mr. Starr's report was based "entirely on allegations obtained by the grand jury" and said that grand juries "are not designed to search for the truth."

Denying all the allegations of criminal misconduct, the report asserted: "This means that the OIC report is left with nothing but the details of a private sexual relationship, told in graphic details with the intent to embarrass."

The report dismissed as "meritless" Mr. Starr's "attempts to evoke images of Watergate by charging that the president has abused the powers of his office."

Mr. Clinton's lawyers asserted that President Nixon's use of the CIA to thwart an FBI criminal investigation of himself fit the constitutional framers' definition of corrupt use of the office for personal gain.

But, the lawyers wrote, Mr. Clinton's "lawful assertion of privilege in a court of law" and the White House counsel office's conduct of its official duties "plainly does not."

(AP, WP, Reuters)

Mike Theiler/Reuters

David Kendall, President Clinton's attorney, leaving the U.S. Capitol on Friday after having been denied an early look at the Starr report.

In Europe, Head Shaking

Newspapers Across Continent Express Anger and Concern Over Global Fallout

Compiled by Our Staff From Dispatches

PARIS — Whether they felt he should stay or go, newspapers in Europe all put President Bill Clinton on the front page Friday, with some like the French daily Le Figaro predicting that "only a miracle" could keep him in the White House.

Many papers expressed grave concern over the economic fallout worldwide if the U.S. Congress decides, after examining the independent counsel's report, that the president should be impeached and removed from office.

Still others denounced what they considered a "demeaning spectacle in the world's most powerful nation," as the Daily Mail in London put it, warning that "it may be a long time before Washington can regain the moral authority to match its undoubted economic and military power."

Many newspapers in France, where barely an eyelash batted when it was learned that President Francois Mitterrand had had a daughter out of wedlock, saw a puritanical taint to a scandal hyped by an insatiable media.

The Communist daily L'Humanite said: "Washington, Lincoln, wake up, they've all gone crazy. This would all be a joke if the business were not so serious." The economic daily La Tribune said, meanwhile, "American puritanism has paid back with a psychodrama of surrealisoc dimensions."

In Switzerland the press gave Mr. Clinton little chance to finish out a term that is to run through January 2001.

"The credibility of the world's policeman is henceforth damaged and the total uncertainty and risk of paralysis, both inside and out, is extremely worrisome," said Le Matin of Geneva. La Tribune said: "Bill Clinton is completely absorbed by his own destiny and no longer directs the country."

The Independent in London, while conceding that Mr. Clinton's behavior did not equal the crimes of Richard Nixon, said he had "brought it upon himself" and should resign rather than drag things out and risk impeachment.

And the conservaove Daily Telegraph ridiculed Mr. Clinton's spate of apologies: "Mr Clinton saying sorry is really just another version of Mr Clintoo lying — the last and most desperate version perhaps." It added that if he were truly sorry, "he would be leaving the Oval Office for good."

The Times said that unless Mr. Clinton could prove, without relying on "incredible legal constructions" that Kenneth Starr's charges of perjury and obstruction of justice are false, he should go quietly.

In Germany, the conservativc Die Welt conceded that the president "had lied," but said that forcing him out of office "would be way out of line with the fault committed," which it called "a completely private affair."

Papers in Italy were more concerned with the economic repercussions of the crisis, and voiced apprehension should Mr. Clinton be pushed from office.

Il Corriere della Sera in Milan said it hoped "America has not forgotten its history lesson."

"Nixon's resignation was followed by one of the superpower's darkest periods," the paper added, suggesting that it would be "irresponsible" if the U.S. political class, courts and media drove Mr. Clinton to resign.

In political circles, meanwhile, some officials said privately that Mr. Clinton appeared to be seriously damaged, and that a world in financial and political turmoil needed a firm hand in the White House.

One European government official said: "If he can't restore his credibility, and it's hard to see how he can, it would probably be better if he went sooner rather than later." He added that the allies looked to Washington for a strong lead on the crises shaking the world's financial markets and on such troublespots as Kosovo, Yugoslavia; Iraq; Russia, and North Korea, but that there was little chancc of leadership while the president was so weakened by scandal.

Other officials said that a prolonged battle over impeachment proceedings against Mr. Clinton on charges he lied and tried to cover up his affair with Monica Lewinsky would be most debilitating for U.S. leadership.

While government officials were reluctant to comment on the record, a former British ambassador to NATO said it would be best for the United States and its allies if Mr. Clinton were to resign next week. Sir Michael Alexander said: "The man is gravely lacking in credibility now in any international environment, and he is bound to be totally preoccupied and distracted. He can't be thinking much about Kosovo." *(AFP, Reuters, AP)*

CONFESS: *Clinton Says 'I Sinned' and Apologizes to Lewinsky*

Continued from Page 1

Mr. Jones, a professor emeritus at the University of Wisconsin, called the speech "vintage Clinton" and said that it was "exceptionally carefully crafted." Bot he asserted that what Mr. Clinton was seeking to do was to offer "essentially a personal solution to what has become a public problem."

"The fact is," he added, "the House oow has a report and there is a process for dealing with that report, and it is not a matter for personal resolotion by the president."

Mr. Jackson, who has met frequently with the Clinton family to help them deal with the Lewinsky revelations, said of the speech:

"It was a very powerful and moving appeal that should go far, because people are trying to balance off this oeed for him to show genuine repentance on one hand and take care of the nation's business on the other." Asked how Mr. Clinton was holding up, Mr. Jackson, one of several ministers to come to the podium after the president's speech to offer words of support, replied, "I was very impressed with his strength and his will to serve."

While speaking about his repentance, Mr. Clinton also announced that he would instruct his lawyers to "mount a vigorous defense, using all available appropriate arguments."

But then he added:

"I will continue on the path of repentance, seeking pastoral repentance and that of other caring people so that they can hold me accountable for my own commitment."

He also vowed to "intensify my efforts to lead our country and the world toward peace and freedom, prosperity and harmony, in the hope that, with a broken spirit and a still-strong heart, I can be used for greater good."

"If my repentance is genuine and sustained and if I can maintain both a broken spirit and a strong heart, then good can come of this for our country, as well as for me and my family," he said.

The clergy members interrupted him then with 15 seconds of applause. When he concluded his commeots, they stood and applanded loodly for nearly a minute. Afterward, some of the 100 ministers, rabbis and other clergy present praised the president for what they said seemed to be heartfelt penance.

"He couldn't be more contrite," said the Reverend Fred Davie of the First Presbyterian Church in Brooklyn, New York. "Anybody who couldn't see that has another agenda altogether."

Rabbi Edward Cohn of Los Angeles said, "I love this man. I've been surprised how unforgiving religious leaders seem to be," alluding to criticism from around the country. "I want to see him continue what he's started. He's good for America."

CLINTON: *Battle Is Engaged Over Starr's Report as the President Mounts Defense and Vows Not to Resign*

Continued from Page 1

The report by Mr. Starr, who has spent eight months investigating Mr. Clinton's relationship with Ms. Lewinsky, was made public after a ooe-sided vote by the House of Representatives to do so. The document, part of some 3,000 pages of documeotation sent by Mr. Starr to Coogress, was placed on governmental Internet sites.

The House Judiciary Committee, working in secret with a Sept. 28 deadline, will review those parts of the document not yet published and determine which parts can be made public later.

Mr. Clinton began a day of dramatic developments with his most sweeping apology to date. "I have sinned," Mr. Clinton told clergymen in an extraordinarily emotional and seemingly humble speech, adding that his was "a broken spirit." Mr. Clintoo broadened his apology to include, for the first time, Ms. Lewinsky and her family.

But attention quickly turned to the issuance, over the Internet, of the long-awaited report.

The House of Representatives, in its first full vote in the matter, aothorized the worldwide release with all Republicans voting in favor and about two-thirds of Democrats doing so.

The report discloses for the first time that DNA tests conducted by the FBI almost indispotably determined that semen found on one of Ms. Lewinsky's dresses matched a DNA sample provided by Mr. Clinton, placing astronomical odds that it could have been anyone else.

Mr. Starr's report said that Ms. Lewinsky over time became "emotionally attached to the president" and quoted her as saying, "I never expected to fall in love with the president; I was surprised that I did."

The report said she told a friend that, in the report's language, "President Clinton once confided in Ms. Lewinsky that he was uncertain he would remain married after he left the White House" and she thought that "maybe she will be his wife."

The report alleges that Mr. Clintoo and Ms. Lewinsky had an understanding that they would lie under oath in the Jones case about their relationship and that Mr. Clintoo tried to obstruct justice by soggesting that Ms. Lewinsky file an affidavit so that "she would not be deposed, she would oot contradict his testimooy and he could attempt to avoid questions."

The report lays out in graphic terms several sexual episodes between Ms. Lewinsky and the president, alleging from Ms. Lewinsky's account that they had oral sex as he talked several times on the telephone to members of Congress, and that in one encounter an unlit cigar was used as a prop.

Prosecutors said they were providing such graphic detail to prove their case that Mr. Clinton lied before the grand jury when he insisted he gave "legally accurate" testimony in January when he claimed he did not have "sexual relations" with Ms. Lewinsky.

Mr. Clintoo's argument was based on the fact that the two never engaged in intercourse and that the definition he was given did not include oral sex. Prosecutors declare in the report that the definition was clearly meant to encompass oumerous types of sexual contacts such as those he engaged in with Ms. Lewinsky.

Prosecutors also sought to prove that Mr. Clintoo intended to lie from the beginning when the Lewinsky story erupted, citing testimony from political adviser Dick Morris.

Mr. Morris testified that Mr. Clinton summoned him the night the controversy erupted and asked him to do an instant poll to see if he could tell the truth about an affair. When Mr. Morris told the president the polls showed he couldn't tell the truth and survive, Mr. Morris claims the president told him that "well, we'll just have to win."

It also argues the president intentionally gave false informatiou to his aides knowing that it would then be passed on to the grand jury. As one example, it says Mr. Clinton told the deputy chief of staff, John Podesta, he specifically did oot have oral sex with Ms. Lewinsky.

Specifically, the Starr report contends that Mr. Clinton did these things:

- Lied under oath in his deposition in the Paula Jones sexual harassment case against him, which was later dismissed, by denying that he had had sexual relations with Ms. Lewinsky.
- Lied when questioned Aug. 17 about the Lewinsky matter before the grand jury.
- Tried to influence potential grand jury witnesses — Ms. Lewinsky and his White House secretary, Betty Currie — to testify falsely.
- Tried to obstruct justice by urging Ms. Lewinsky not to turn over to the Jones attorneys some 20 presidential gifts.
- Tried to encourage a witness, Ms. Lewinsky, to file a false affidavit in the Jones case.
- Lied to potential grand jury witoesses, including some of his top aides, knowing that they would repeat those lies before the grand jury.
- Engaged in a pattern of conduct inconsistent with his constitutional duty to faithfully execute the nation's laws.

The strongly worded defense from the White House noted that Mr. Clinton had acknowledged having had an improper relationship with Ms. Lewinsky and added: "The disclosure of lurid and salacious allegations can only be intended to humiliate the president and force him from office."

Mr. Clinton's lawyers argued in effect that while he had made mistakes and in some cases misled people, he had committed no impeachable offense.

"We do oot believe the OIC," or Office of Independent Counsel, "can identify any conduct remotely approaching" the impeachment standard, said the White House document, written by Mr. Clinton's private attorney, David Kendall, and the White House counsel, Charles Ruff.

The White House paper, part of a defense of the president planned days ago, said that the Starr report was "left with nothing but the details of a private sexual relationship told in graphic details with the intent to embarrass."

With the report oo the Internet, accessible to millions in the United States and abroad, and several major newspapers publishing extensive excerpts or eveo the full document, Americans will oow become more direct, if uncothusiastic, participants in the process by which Mr. Clintoo will be judged.

"It's Main Street that's going to decide this now," said Stephen Hess, author of "presidents and the Presidency."

VALUES: *Many Americans See the Scandal as a Symptom of Serious Moral Decline*

Continued from Page 1

Mr. Clinton shared most of their values, with twice as many saying he embodied hardly any or none of them. Vice President Al Gore and the first lady, Hillary Clinton, fared better; the House speaker, Newt Gingrich, Republican of Georgia, worse. But Mr. Clinton's low rating apparently has pulled down the Democratic Party. Its rating on upholding moral standards has slumped.

The survey showed Americans sharply divided on what to expect from a political leader. Half of those interviewed — 49 percent — say it is performance alone that counts in a president, agreeing that "as long as he does a good job running the country, whatever he does in his personal life is not important."

But just as many disagree: They say the president has a "greater responsibility" to set "an example with his personal life." When asked to say in their own words what worried them most about the country's values and morals, nearly as many mentioned Mr. Clinton or some aspect of the Lewinsky scandal as specified declining family values.

Edward Krutulis, 34, a Plainfield, Illinois, pharmaceutical sales representative, after lameoting the country's moral condition, said, "Obviously, President Clinton's not much of a role model for us."

That might not be so worrisome if people were not concerned about the trends they see in American society. Three in four said the country's values and morals are in serious decline. Nearly two in three said they were dissatisfied with the "honesty and standards of behavior of the people in this country."

Large majorities of men and women, Democrats and Repnblicans, liberals and conservatives, blacks and whites, young people and old, the wealthy and the poor sense something has gone terribly wrong with the country's moral compass. "Our values are in very, very poor shape and society is dropping at a dramatic rate," said Richard Easton Jr., 28, a shipping clerk in a plastics factory in Turner's Falls, Massachusetts. His short list of examples that illustrate America's moral decline is revealing: Just behind crime but ahead of the erosion of family life, he cites politics.

"The political system needs to be revamped," he said. "There's too few honest people in politics." Mr. Easton, who voted for Mr. Clinton in 1996, said the president's troubles "confirmed for me even more that in politics, values and morals and honesty and truth don't go together."

The survey revealed a growing "morality gap" in the perception of the two parties. The percentage of Americans who say they trust the Democratic Party to encourage "high moral standards and values" has never been lower, dropping to 26 percent in August from 33 percent barely a month ago.

But the poll also fouod that Republicans have not greatly improved their reputation: 41 percent of those surveyed said the Republican Party was the party of values and morals, unchanged from July but up slightly from a year ago. The proportion that said they trusted neither party to set the moral and ethical tone for the country increased to 20 percent in August from 13 percent in July.

The surging importance of values and moral issues may dramatically affect vote choices this November. Among the 21 percent of Americans who believe the country's values are strong, 62 percent say they plan to vote for a Democratic candidate for Congress. But among those who think the couotry's values are headed in the wrong direction — a much larger number — Repuhlicans enjoy a 46 percent to 40 percent advantage, according to the survey.

RUSSIA: *Primakov Vows to Keep on Path of Economic Reforms but With More Restraint*

Continued from Page 1

Russia's stock market is at its lowest level ever.

The confirmation of the acting foreign minister as prime minister effectively ended a political crisis that compounded an economic crash.

The crisis began three weeks ago when the government of Prime Minister Sergei Kiriyenko devalued the ruble, starting a perilous slide. Mr. Kiriyenko and his cabinet were abruptly dismissed by President Boris Yeltsin.

Mr. Yeltsin's attempt to return Viktor Chernomyrdin to the post of prime minister were rebuffed twice by the Duma. Tension grew as the time approached for a third nomination.

Calls for the impeachment of Mr. Yeltsin abated Friday, with Communist leaders suggesting that, although the official process would go on, there was no timetable.

The opposition had brandished the impeachment threat as a counter to a possibility that Mr. Yeltsin would disband the Duma in the political battle.

Once Mr. Primakov was nominated by Mr. Yeltsin on Thursday, the tension vanished, and attention quickly turned to economic problems and possible cures.

"The state must intervene in and regulate many processes in the economy," he said. "This is not a return to the command system."

Mr. Primakov compared himself to Franklin D. Roosevelt. "It has not occurred to anyone to condemn the U.S., for example, when Roosevelt introduced some elements of state regulation in the economy after the Great Depression," he said. "So, we do not have to copy some wild capitalism that was in the past."

Mr. Primakov said he would not alter the basic structure of banking and credit. "But this cannot and should oot be an end in itself," he added.

Reforms must be used "for the development of industry and the national economy."

Mr. Primakov made two key nominations:

- Yuri Maslyukov, a former bead of central planning, was named deputy prime minister in charge of economic affairs.
- Viktor Gerashchenko, a Soviet central banker, was named chairman of the central bank.

The twin nominations fulfilled a deal made by Mr. Yeltsin with the Communists to end the poliocal standoff.

Mr. Maslyukov was head of Gosplan, the agency for economic planning during the Soviet period. Mr. Primakov designated him to revive Russian industry. The question will be, which industry?

In Soviet times, according to some estimates, as much as 75 percent of Russian industrial production went for military uses.

Wary liberal economists fear that Mr. Maslyukov will favor re-nationalizing some Russian industries.

Mr. Gareshchenko headed the central bank in the early 1990s. He is widely regarded as responsible for a bout of hyperinflation through a policy of printing rubles. Jeffrey Sachs, a Harvard economist, once called him "the worst central banker in history."

Mr. Gerashchenko said Friday that he would not recklessly print money again.

The nominations raised eyebrows among free marketers — even some who voted for Mr. Primakov. Vladimir Lukin, a member of the liberal Yabloko party, predicted that the appointments meant "a serious shift to the left."

The Communist leader, Gennadi Zyuganov, savoring success in his party's standoff with Mr. Yeltsin, praised Mr. Primakov for setting out on a "qualitatively differeot" economic program.

He called for price controls, steps to increase workers' salaries and reductions in the cost of electricity and transportation.

Outside Rossia, Mr. Primakov is best known for his role as foreign minister in distancing Russia from U.S. global leadership. He touched briefly on foreign policy Friday and pledged to protect national interests. But said there would be oo return to the Cold War.

He suggested that one of Russia's main weaknesses was the creeping independence of Russian regions and separatist threats. He emphasized the need for Moscow to consolidate power over the entire country.

Mr. Primakov, a spy in his early years, a journalist, a scholar and, under Mr. Yeltsin, the head of foreign intelligence, then foreign minister, handled questions from Duma members calmly — most of them were straightforward and without hostility.

VACUUM: *'Scary Combination'*

Continued from Page 1

big slide Thursday, and the threat of impeachment proceedings against Mr. Clinton only adds to the sense that the United States is oo looger a haven against instability.

At the same time, the Asian crisis was landing full-force in the Americas. The crisis in Brazil's stock market dissolved the few remaining hopes that Latin America would somehow stave off the economic contagion that began in the Pacific. Mexico's currency has declined to lows not seeo since the 1995 peso crisis, reviving the fears of that first post-Cold War dip into economic meltdown.

There is plenty of economic rationale behind the fear that a breach of the Latin wall could be far more devastating for U.S. companies than the twin crises in Asia and Russia.

U.S. exports to Latin America are far greater than to Asia, and U.S. banks are much more heavily exposed to a downturn there. But perhaps just as importantly, if economic turmoil engulfs the region, the contagion will be exploding just over the United States' southern border.

"It's a very scary combination of events," said John Wadsworth Jr., the chairman of Morgan Stanley Asia. "The classical soluoons to contain the Asian crisis failed. Meanwhile, we have a series of political vacuums at a moment when the complexity of the world's economic and financial situation requires real leadership."

"There's no world central bank, no world equivalent of Alan Greenspan, at a moment when our main problems around the globe are financial. That only magnifies the trouble."

The closest institution that fits that global role is the International Monetary Fund. Unol now, the administration's bet was that the outbreak of new brush fires around the world would persuade Congress to put another $18 billion into the cash-strapped IMF, rather than risk being accused of partisan wrangling while world economies melt.

The strategy, though, is clearly failing: On Thursday, a House of Representatives committee refused to approve a donation larger than $3.4 billioo. Mr. Clinton, distracted to say the least, is in no positioo to lobby for more funds. Though some compromise is possible, an aide to Mr. Rohin said the funds were "clearly in trouhle."

It is always difficult to say what is frightening markets the most: the prospect of drawn-out impeachment hearings, or a recession in Latin America that would further hurt corporate profits or a general nervousness that a remarkable period of world prosperity is grinding to a halt.

But it would be a mistake to underestimate the impact of Mr. Clinton's trouhles.

At moments of economic peril, what governments say, how quickly they react to plunging currencies or market crises, how fast they reassure investors that things are under control, take on new dimensions.

With the president viewed as crippled, at best, that leadership role falls almost entirely to Mr. Ruhin and to Mr. Greenspan.

ART

Drama in Details

Pieter de Hooch, a Dutch Master Who Elevated the Ordinary

By Souren Melikian
International Herald Tribune

LONDON — It took 314 years for one of the great masters of Dutch art to be awarded the honor of a one-man show. Is it because Pieter de Hooch (1629-1684), who died in a madhouse at the age of 55, was so poor and solitary that no one recorded his death, excepting the scribe of a parish register?

As they walk through the admirable show, on view until Nov. 15 at the Dulwich Picture Gallery, some may scrutinize the 41 pictures that cover the 20 years or so of his creative period in search of early signs of De Hooch's sickness. There aren't any, with the possible exception of the last picture, "A Musical Company in a Courtyard," dated 1677, which betrays uncharacteristic clumsiness.

If ever there was a painter that seemed untroubled, this is Pieter de Hooch. There is a quietness about his pictures that singles him out. While Rembrandt probed the unfathomable tragedy of the human condition, De Hooch set out to capture those silent moments when barely formulated emotions are triggered by a sound, a look, a gesture, a set of trifling circumstances.

He did so from the beginning, even when his first pictures, inspired by tavern scenes of Adriaen Brouwer or his Rotterdam followers, could have sunk to the level of genre painting.

Nothing is further removed from Brouwer's penchant for the picturesquely satirical than De Hooch's art. In "The Merry Drinker," the bibulous character raising his glass, far from being funny, looks sinister, as does the second drinker in a big hat. Across the table, an elderly man seems to have been smitten by anxiety. The darkness of the rest of the room matches the threatening mood.

Another picture, on loan from the Hermitage, which might have been flippant, has the gravity of a parable. A middle-aged woman peeling potatoes which she gathers in her folded apron smiles, radiant with surprised pleasure, as a cavalier in fashionable attire bows to her, hat in hand, offering her a glass of wine. The shadow of a smile plays on his lips. But this is no mockery. It is an unexpected courtesy from a traveler on his way who has been put up for the night in a modest house and it takes place under her husband's eye. There is no suggestion of dallying.

A unique aptitude for identifying with others regardless of age and condition appears to have inspired De Hooch with a fascination for these brief encounters of daily life, when humans sound each other out. Alone among 17th-century artists, De Hooch endlessly scrutinized the rapport between mothers and daughters. In a courtyard scene set in a poor Delft neighborhood, a woman washing her laundry in a bucket pauses as she looks down at a little girl of 6 or 7 standing awkwardly. A silent smile lights up her face. It could have been soppy. Instead, it is as vigorous as it is understated.

In another scene set in wealthier surroundings, a little girl kneels in front of her mother, burying her head in her skirts while the mother gently runs her hands through her daughter's hair. A soft late morning light comes in at a slant through a high window and makes the waxed brick red tiles of the floor gleam. A small dog seated on its hind legs, its back turned to the viewer, watches the pair in hopeful expectation. This scene of intimate exchange without words is one of the most poetical pictures painted in 17th-century Holland.

Deeply responsive to human relation*ships, the artist made observations not* often found in his contemporaries' works. The frowning resentment of a serving woman standing in a courtyard with a stoneware jug in one hand and a bucket in the other, head bent toward her mistress who sits in a chair, busily spinning, is keenly observed. The cruelty of the situation is emphasized by the peaceful harmony of the surroundings.

NOT much escaped the painter's unforgiving lucidity. Portraying a whole family in a Delft courtyard, De Hooch painted a compressed version of "The Human Comedy." There is the well-dressed middle-aged bourgeois who fancies himself mightily, standing one arm akimbo next to his wife. She looks every bit as smug as she lifts her skirt in an attempt at gentility, with a smile feigning amusement. There is the irate-looking elderly woman with pursed lips and hair dyed orange who sits at a table resolutely ignoring a couple from her own generation, perhaps her sister and brother-in-law. Behind, it would seem, tragedy looms. A cavalier walks toward the viewer, looking distraught. Two steps up, a man inspects the scene with an imperious expression. It is all subtly indicated. One almost wonders whether the tension is real or imagined.

Some of De Hooch's paintings have a Henry Jamesian ambiguity. In a palatial residence, a young woman on whose pretty face the onset of coming middle age leaves a shadow smiles at a cavalier. The man in a wide-brimmed hat holds his slender pipe with a mix of self-conscious affectation and insolence. Both are watched by an elderly couple — he with a jug, ready to pour out more wine, she looking rather anxious. On the wall, a picture, "Jesus and the Adulteress," flashes a warning while in the distance a silver statue of Mercury, the god of commerce and the protector of thieves, introduces an even more somber nuance.

Detail of "The Merry Drinker" by Pieter De Hooch.

By the mid-1660s, De Hooch was sufficiently well known to be mostly portraying the high and mighty. He remained as fascinated as ever by emotions experienced in ordinary situations. In a rich house, a young girl in her teens flashes a smile at her older sister while a cavalier fussily dressed puffs at his pipe, with one leg crossed over the other. Every detail speaks of wealth, but not all is well in the best of worlds. Over a monumental Dutch armoire, a Mannerist painting deals with the theme of "Adam and Eve Embracing After the First Fall."

Around 1668-70, De Hooch painted one of his last masterpieces. A woman in expensive clothes nervously presses her lap dog against her body as she reads a letter with intense concentration. She is in shock, while a youthful messenger stares out of a window, with a bored look as he sips some wine. Behind, in the dark, a pregnant woman turns her head with a weary smile to glance at her.

The painter's career was drawing to a close. He probably sank into poverty, for in 1674 he did not make it to the tax register. We know nothing about the onslaught of madness. No detail is available from the moment the youngest of De Hooch's seven children was christened in 1672 until his death in an Amsterdam madhouse in 1684. The man who probed the innermost feelings of others died in the solitude of a mind that no longer communicated with others.

The pace of the exhibition hung with *elegant simplicity enhances the drama.* The book written by Peter Sutton gathers all the facts about this fascinating master from a poor working class background. But as the reader closes it, he is still left without a clue as to the private thoughts of an artist who left no writings.

VENICE FILM FESTIVAL

Dredging Around For Promising Movies

By Roderick Conway Morris
International Herald Tribune

VENICE — "No worst, there is none," as the Victorian poet Gerard Manley Hopkins wrote in the grip of a black mood, and the line was beginning to look like a suitable epitaph for the bulk of the productions screened at the Venice Film Festival, which ends Saturday.

Of the latest batch of in-competition films, Pat O'Connor's "Dancing at Lughnasa" held out some hope. Based on a successful stage play by Brian Friel, it is set in the mid 1930s in the depths of Eamon de Valera's Catholic rural Ireland, with pagan undertones provided by the local survival of the pre-Christian Lughnasa harvest festival.

Schoolmarm Kate (Meryl Streep) rules a family of five sisters with an iron rod, the only men in the household being Michael (winningly played by Darrell Johnston), the 8-year-old illegitimate son of Christina (Catherine McCormack), and a frail, dotty uncle, Father Jack Mundy (Michael Gambon), who has just returned from 25 years as a missionary in Africa, having gone native, and lost his marbles along with his religious faith.

The gradual decline of the women into terminal disappointment and bucolic imbecility is momentarily arrested by tensions created by a visit from Michael's absentee father, Gerry Evans (Rhys Ifans), about to depart for (where else?) the Spanish Civil War to join (what else?) the International Brigade.

The cinematography is lush, although judging by the endless number of sunny days in the film, the summer of 1936 must have been the driest in Irish history. The accents would indicate that the various members of the family seem to come from different regions of the Emerald Isle, and the film ends up an unsustaining potage of nostalgia, blarney and baloney.

Other in-competition candidates, the Portuguese Joao Botelho's "Trafico" (Traffic), the Romanian Lucian Pintilie's "Terminus Paradis" (Last Stop Paradise) and the Italian Gianni Amelio's "Cosi Ridevano" (officially translated as "The Way We Laughed"), were all depressingly representative of certain self-indulgent, self-regarding tendencies in art-house cinema that seem to equate seriousness with the mind-numbing lingering shot and stultifying boredom.

Happily, toward the end of the week, like a meteor illuminating the general gloom, the Indian director Shekhar Kapur's *out-of-competition* "Elizabeth" burst upon the scene. The drama revolves around the first years of Elizabeth I's reign, when the young English queen was beset with plots to topple her, the country in danger of being torn apart by Protestant and Catholic rivalries, and foreign powers poised to invade.

"Elizabeth" is visually beautiful, making brilliant use of light and dark effects, and the dialogue and interaction of the characters strikes an artful balance between courtly formality and human spontaneity. Cate Blanchett is stunning to look at and gives a superb performance as Elizabeth, amply supported by Geoffrey Rush as Sir Francis Walsingham, her spymaster and head of security, and a consistently well-selected cast.

The comic relief promised by Woody Allen's "Celebrity," also premiered out of competition, was only partially fulfilled. Kenneth Branagh plays Lee Simon, a journalist who dumps his wife of many years, Robin (Judy Davis), to go in pursuit of more glamorous fare. Given that Lee, despite seeming to be an obvious jerk, has no difficulty in catching the eye of rich and beautiful young women, it was perhaps wise of Allen to give the part to a younger man. But Branagh has mastered Allen's manner and speech so perfectly that it is hard to work out whether the director has achieved some Svengali-like hold over Branagh or whether the British actor is unconsciously sending Allen up.

Billed as a satire on the absurdity of the cult of celebrity in America, the film's problem is that it has become almost impossible to out-gross reality. "Guest stars" include Melanie Griffith and Leonardo DiCaprio, with Winona Ryder backing into the limelight in the role of an "extra." There are, as always, good gags, but by the director's highest standards this is a low-octane event.

"Poodle Springs," which features Raymond Chandler's older, newly married private investigator Philip Marlowe, existed only in sketch form at the writer's death and was completed by another hand. Marlowe's self-reflecting solitariness is such an essential keystone of his character that it was always going to be anomalous to send him strolling down "those mean streets" arm-in-arm with Mrs. Marlowe. And to remove him from his natural urban habitat is to deprive him of the dark side of his soul.

THE playwright Tom Stoppard's script makes a brave attempt to resolve these contradictions, as does James Caan's performance as the mature Marlowe, a fish out of water in the desert resort of Poodle Springs, and in visible danger of expiring for lack of his daily dose of L.A. low life, crime and moral grime.

Consequently, the film, directed by Bob Rafelson and set in a kind of never-*never land stylistically suspended* between the 1940s and early 1960s, when the action takes place, never really gets off the ground. It will certainly seem a thin experience to anyone familiar with the books and the classic film adaptations.

ARTS

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Austria to Return Art Looted by Nazis

By Jane Perlez
New York Times Service

VIENNA — Senior ministers of the Austrian government have sent a draft law to Parliament on the restitutioo of art confiscated by the Nazis and said they expected that some paintings, furniture and other objects would be returned to their rightful owners by the end of the year.

Passage of the law would mean that several major museums in Vienna would have to give up works, from paintings to tapestry to armor, that have been oo display for decades. The culture minister, Elisabeth Gehrer, said before a meeting of the ministers Thursday that the government wanted to correct the wrongs of the past.

The Nazis stripped Austrian Jews of all their belongings just before the start of World War II. After the war, the Austrian authorities refused to allow Jewish families who had fled into exile to retrieve their artworks and take them abroad.

"It is our will to clear up after 50 years what has not been done before," Gehrer said. "We cannot make wrongdoings right, but we can make justice possible."

The Austrian branch of the Rothschild family is among the Jewish families whose extensive art holdings were taken by the Nazis and subsequently held by art museums here, including the Kunsthistorische and the Belvedere. Baroness Bettina de Rothschild, who lives in southern Austria, said she had been told that her family could expect to recover its heritage, including two portraits by Franz Hals, "before the end of the year."

The baroness, 73, fled into exile as a young girl days before the Germans marched into Austria, and later married an American diplomat, Matthew Looram. She praised Gehrer for her perseverance. "I give her enormous credit," the baroness said. "She has shown great guts. I don't think it's very popular."

The leader of Austria's far-right Freedom Party, Joerg Haider, said Wednesday that the government's effort to return the confiscated art was too great a favor to Jews.

The move to return the art began after an uproar last winter over the disputed ownership of two Egon Schiele paintings lent by an Austrian foundation for a retrospective at the Museum of Modern Art in New York.

A spokesman for Gehrer said the government expected Parliament to approve the law in October. Ownership claims would then be reviewed by a new six-member commission.

THE review is considered a formality in the case of works belonging to the Rothschild, Lederer and Bloch-Bauer families, who left Austria and have formally made claims since the war. Those family collections and 400 to 500 other items, mainly coins and armor, have been fully investigated and their rightful ownership affirmed, said Gehrer's spokeswoman, Heidi Marie Gluck.

Gehrer said art stolen by the Nazis and held in Austria fell into three categories. The first covers art taken by the Nazis and never returned to its owners because the government refused to allow it to be taken out of the country. Those works were generally donated or dedicated to national museums and galleries.

Among them are 10 paintings that the Kunsthistorische acquired in 1946, including such prized 17th-century Dutch works as a "Portrait of a Man" and "Portrait of a Woman" by Frans Hals and paintings by Meindert Hobbema, Aelbert Cuyp, Jan Wynants and Frans van Mieris.

A second category of art established in the draft law covers works that were acquired on the open market but are now believed to have a "shady" provenance, Gehrer said.

A third category covers works that could not be returned to their rightful owners despite restitution efforts after the war.

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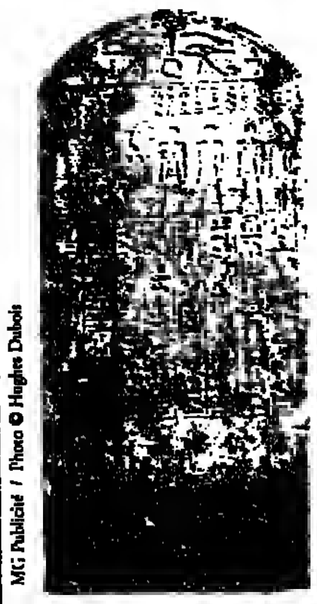

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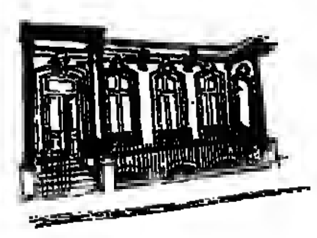

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Hashemi Rafsanjani, ex-leader of Iran, at prayers on Friday.

Rage Rises in Iran Over Killings by Taleban

By Douglas Jehl
New York Times Service

TEHRAN — Early last month, as forces of the militant Taleban movement advanced in northern Afghanistan, representatives of the Iranian Foreign Ministry approached the Pakistani Embassy here and asked it to relay an urgent request.

The Iranians wanted to know whether the Taleban could guarantee that an Iranian consulate in the northern Afghan town of Mazar-i-Sharif would be safe if its forces succeeded in capturing the town, which was the headquarters of an Iranian-backed opposition alliance?

The reply from the Talaban was "yes," according to Pakistan's ambassador to Teheran, Javed Hussein. Bot by the time the ambassador could pass on that assurance , on Ang. 8. the promise had proved empty.

Mazar-i-Sharif had been overrun, the consulate captured and 11 Iranian diplomats had disappeared.

After a month of mounting tension, a Taleban acknowledgement Thursday that the diplomats had been killed by Taleban fighters ignited furious Iranian allegations of betrayal, punctuated by an official declaration that Iran would somehow strike back.

"You will see how we will react," the former Iranian president, Hashemi Rafsanjani, vowed in an address before an enormous crowd attending Friday prayers at Teheran University.

Mr. Rafsanjani, who still holds a powerful post, said he had a message for the slain diplomats' families: "I promise them that we will take revenge for the blood of their dear ones." One obvious possibility would be military retaliation of some kind against the Taleban, the purist Islamic movement that oow controls most of Afghanistan. Already, in the fury caused by the diplomats' disappearance, Iran has built up a sobstantial military force of 70,000 troops along the Afghan border.

To many Iranians, what happened to the diplomats in Mazar-i-Sharif is being seen as final proof that the Taleban — whose rise to power has been a source of alarm to Iran — cannot be trusted.

Mr. Rafsanjani described the Taleban as part of "a very deep conspiracy to occupy Iran at its eastern borders."

But Mr. Rafsanjani declared that Iran would not take rash action. This suggested that, rather than launch any kind of all-out invasion into the historical quagmire of Afghanistan, Iran might well wait to gange how others respond to what it has labeled "a shocking and horrifying atrocity."

The United Nations Security Council promised Thursday night to open "an urgent investigation into these crimes."

After weeks in which Taleban officials denied knowledge of the diplomats' fate, the Taleban leader, Mullah Mohammed Omar, said on Thursday that bodies of nine of the Iranians had been found and that, "either intentionally or unintentionally," they had been killed by unidentified Taleban soldiers.

On Friday, Iranian officials added there was no hope the others had survived.

Mullah Omar, who reported his findings in a letter to the Security Council, said that the Taleban soldiers had acted on their own. Other officials have said that by the time Taleban commanders arrived at the Iranian Consulate on the day of the attack, none of the Iranian diplomats were to be found.

Iranian officials have presented a very different account. In broadcasts on state television they claimed that the Taleban commander himself ordered the attack on the consulate, and that it was carried out by a Taleban commander and 15 soldiers.

The Iranians have said that officials, who were on the phone with their counterparts in Mazar-i-Sharif, heard a hail of gunshots as the attack began. Taleban officials have not yet said anything about the remaining two Iranian diplomats, as well as an Iranian journalist who disappeared from the consulate, but Iranian officials said Friday they believed the three were still alive.

In seeking to win international sympathy for its diplomats, Iran may be haunted by its own undiplomatic behavior.

The 1979 takeover of the U.S. Embassy in Teheran, carried ont by Iranian studeots with tacit government approval, was history's clearest recent example of an assault on diplomatic sanctity.

Iran may well have to answer discomforting charges about what its diplomats were doing in Mazar-i-Sharif. Althoogh Iran has said its support to the anti-Taleban alliance based there was limited to logistics, independent experts in Teheran and diplomats say that Iran was in fact a crucial supplier of arms, and that its diplomats in Mazar-i-Sharif almost certainly played a facilitating role.

On the day Taleban forces captured Mazar-i-Sharif, others reportedly seized two Iranian aircraft with assault rifles, rocket launchers and ammunitioo at the airport.

Israel on Alert After Killing 2 in Hamas

By Lee Hockstader
Washington Post Service

TAIBEH, West Bank — Israel declared a state of high alert on Friday after its troops burst into a remote West Bank farmhouse and killed two brothers regarded as masterminds of some of the worst recent terrorist attacks carried out by the militant Islamic group Hamas.

The brothers, Imad and Adel Awadallah, were killed Thursday afternoon in a commando raid that had apparently caught them offguard. Although the brothers had a small cache of light weapons, Israeli officials said, they had no warning of the attack and were shot and killed before they could make a move.

Oo Friday, reporters saw blood spattered over the ceiling of the room where they had been killed.

Leaders of Hamas, which has organized suicide bombings and other attacks against Israel in the past, vowed to avenge the slaying of the brothers.

Bracing for reprisals, Israel closed off all border crossings from West Bank and the Gaza Strip into Israel proper. If the closure lasts through the weekend, it will keep tens of thousands of Palestinians from reaching their jobs in Israel.

The killings seemed likely to dampen the already faint prospects for success in the current American peace initiative led by Dennis Ross, the chief U.S. Middle East envoy, who is in Israel trying to break the 18-month impasse in the peace process.

The death of the brothers inflamed Palestinians in several West Bank towns and Gaza and led to clashes in which Israeli forces fired rubber-coated bullets at demonstrators chanting for revenge.

■ **Vows of Vengeance**

A Hamas political leader in Palestinian-ruled Gaza vowed to avenge the deaths of the brothers, Reuters reported Friday from Jerusalem.

"Israel shoulders the full responsibility for their killing and God willing it will pay a dear price," said Mahmoud Zahhar, the political leader. "Revenge will be very strong."

The deaths of the Awadallahs dealt a further blow to Hamas's military wing, the Qassam Brigades, after the mysterious killing in March of its master bombmaker, Muhyiaddin Sharif. His body was found next to a car that had exploded, but the body also had bullet holes in it.

The Palestinian Authority had implicated the Awadallah brothers in the killing, alleging that it had been part of an internal power struggle.

A Swissair Jet And a KLM Jet Nearly Collide

Reuters

ZURICH — Swissair, which suffered its worst air disaster last week, said a flight from Geneva to New York came within a few kilometers of colliding with another commercial airliner over Ireland on Friday.

"Flight 114 from Geneva to New York had a near miss with a KLM Boeing 747," a Swissair spokesman said.

The two planes came within a few kilometers of each other as they flew in opposite directions shortly after noon. Radar devices oo both jetliners that are designed to detect oncoming aircraft warned both pilots in time to take evasive action.

"There was no danger for the 150 passengers," the Swissair spokesman said, adding that his company's jet had been flying at the altitude assigned to it by air traffic controllers. It was not known how many passengers were oo the KLM plane.

The Traffic Collision Avoidance System devices, required in all commercial jetliners, automatically contacted each other to alert the pilots and send one plane lower while the other climbed, the spokesman said.

A Swissair flight from New York to Geneva crashed into the Atlantic off Canada last week after reporting smoke in the cabin, killing all 229 aboard.

Another Bomb Rocks Algeria, Killing 3 and Wounding 29

Reuters

ALGIERS — A bomb exploded in an opeo-air market in western Algeria on Friday, killing at least three people and wounding 29, government security forces said.

It was the second bomb within less than 24 hours.

On Thursday night, a bomb killed at least one person and wounded 10 other people in Larbaa in Blida Province, some about 50 kilometers (30 miles) sooth of Algiers, security forces said in an earlier statement, also carried by the official Algerian press agency, APS.

"A homemade bomb placed in a weekly popular market in Gdyel, Oran Province, exploded at 10:45 a.m.," APS quoted the security forces as saying. Gydel is 400 kilometers west of Algiers.

"According to preliminary reports, three people were killed and 29 others wounded," APS reported.

Neither statement said who was responsible for the blasts, the latest in a series of bomb attacks blamed by Algerian authorities on Muslim rebels.

Last Tuesday, a car bomb went off near a public market in the village of Rahouta in Tiaret Province, some 200 kilometers southwest of Algiers. That blast killed one person and wounded 15.

More than 65,000 people have been killed in Algeria since 1992, according to Western estimates.

Clinton Asks Senate to Confirm Holbrooke at UN

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton said Friday that he would ask the Senate to confirm Richard Holbrooke as U.S. ambassador to the United Nations upon completioo of a review of his financial disclosure records.

"I look forward to a prompt resolution of this review and submission of his nomination to the Senate," Mr. Clinton said in a written statement.

Mr. Clintoo said Mr. Holbrooke had stated that he was cooperating with a review by the Departments of State and Justice of his financial disclosure reports and cootacts with State Department officials during the year following his departure from government service in February 1996.

The administratioo had been due to submit nomination documents to the Senate after announcing the oomination oo June 18. CBS News said the nomination of Mr. Holbrooke was dead, but Mr. Clinton's statement, which alludes to the "remarkable contributions to our nation's security" Mr. Holbrooke has made "in this and in previous administrations," suggested the president was sticking by him.

It was unclear, however, whether the nomination could be confirmed this year. In August, Senator Jesse Helms, the North Carolina Republican who chairs the Senate Foreign Relations Committee, set a Sept. 10 deadline to receive the documents if the administration wanted Mr. Holbrooke to be confirmed this year.

"The administration is mistaken if they expect the committee will rubber-stamp Mr. Holbrooke's nomination," a spokesman for the chairman said recently. "Senator Helms has a number of important issues to go over with Mr. Holbrooke and will not rush the nomination through at the last minute."

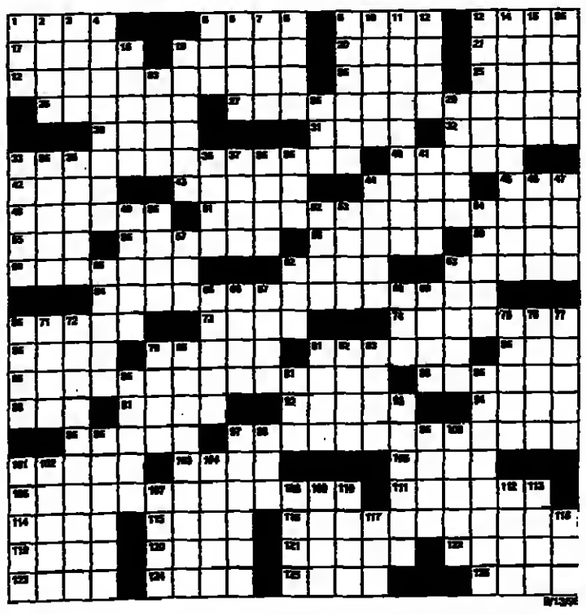
Democratic aides on Foreign Relations Committee said they had not been briefed on potential problems with the nomination.

Secretary of State Madeleine Albright, meanwhile, said Mr. Holbrooke had made clear he was cooperating with the inquiry.

"Ambassador Holbrooke has made extraordinary contributions to our nation's foreign policy and I look forward to a prompt resolution of this matter," Ms. Albright said.

The former ambassador to the UN, Bill Richardson, has meanwhile been swom in as secretary of energy. He had stayed on as the U.S. representative to the United Nations but resigned that post Friday. *(Reuters, AP)*

GETTING A-LONG By Cathy Millhauser



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64 Julia Child using miso, e.g.?
70 Actress Swenson and others
73 "___ be in ___ England"
74 About which
78 Short wave?
79 Semidiameters
81 Donahue of "Get a Life"
84 Year in Vigilius's ___ papacy
85 Wit in need of washing?
88 Junta, say
90 Faulkner title start
91 They precede kisses
92 "Ivan IV" composer
94 Son of Judah
95 Army refusal
97 Do well as a temptress?
101 One of the King Sisters
103 Lunks
105 Eloise's ilk
106 What one used to do in Kremlin heat?
111 Bribe, informally
114 "Oliver!" choreographer White
115 Picnic pest, in this puzzle?
116 Balding lion's lament?
119 Windows picture
120 Neolith, e.g.
121 Whopper creators
122 Overall stuff
123 Permits
124 "My treat"
125 Kind of child
126 Make over

DOWN
1 Part of an ear
2 ___-cosa (something else)
3 Gamboling places
4 "Up on the Roof" singers, with "the"
5 Bowling alley info.
6 Remote post?
7 Suffix with symptom
8 See 104-Down
9 Tenant
10 Reason to ask "What's cookin'?"
11 Piece of The Rock
12 Start with step or stop
13 Stick
14 Result of a video viewer's spill?
15 Worries
18 Catch
18 Do parquetry
19 Bank robber Willie
23 Singer Almond or actor Singer
28 Hard wood
29 Extinguishes
33 Things like Audi's rings
34 Customize
35 Spain's ___ Brava
36 Swarms
37 Popular fashion magazine
38 Holstein abode
39 Sum of the parts
41 Stops running
44 Waited (for) until long after dark
46 Bit
47 Meriot, Médoc, etc.
49 Belief system
50 Judge
52 Ancient Germanic invader
53 Pro ___
54 Idaho, slangily
57 Town that's home to Ohio Northern University
61 Honored Hindu
62 Mil. arena abroad
63 Cubic meter
65 Difficult situation
66 Kind of stitch
67 Suffix meaning inflamed
68 Botanical beard
69 Restaurateur Tootz
70 Itself, in a Latin phrase
71 New Jersey hoopsters
72 Bad photo of a shoelace problem?
75 Minneapolis suburb
76 "___ River"
77 Ogre
79 Commercial prefix meaning "convenient to use"
80 Worship
81 Release
82 One of Judy Garland's girls
83 Rapper in "Tank Girl"
86 Japanese-American
87 It goes around the middle
89 Light and filmy
93 Chicken choices
96 Large amounts
97 Popular car, again
98 Tempe sch.
99 TV actor Katz
100 Flip
101 Bubbling
102 Thrusting weapon
104 With 8-Down, Asian capital
107 Peace-keeping grp.
108 Town on the Vire
109 Hebrew letter
110 Touchable
112 Compos mentis
113 Lady in Arthurian legend
117 Assay
118 Funnyman Phillips

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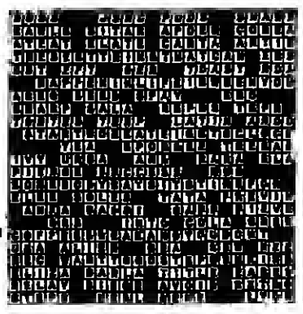
Solution to Puzzle of Sept. 5-6



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Herald Tribune
THE WORLD'S DAILY NEWSPAPER

"Dow Falls October 21-28, 1998"

"There Will Be a Wild Ride on the Downside. The Market Recovers Very Slowly".

Rebecca Nolan, Editor of FINANCIAL ASTROLOGY.

According to Rebecca Nolan, Editor of FINANCIAL ASTROLOGY newsletter, astrological iodicators show a strong downside correction on the D.J. between October 21-28. So be alert.

This will be caused by a combination of declining currencies, lower corporate earnings and the economic crisis in Japan. The market will recover, but slowly, and we're likely to see a bear market for at least 4 months.

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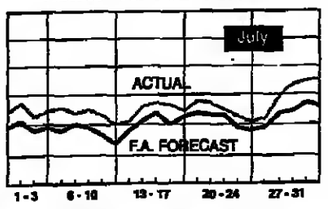
Remarkable Track Record

Rebecca Nolao's track record is remarkable. The methods she oses to forecast trends on the D.J. and other major markets may be unconventional but they certainly beat more traditional methods used by financial analysts you read in the newspapers. As the "Asian Wall Street Journal" stated: "Don't confuse Rebecca Nolan's market forecasts with "hocus pocus". Her investment advice is based on mathematical techniques, which she has spent over 20 years perfecting!"

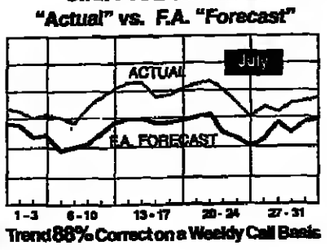
Here are some of her July forecasts from the last issue showing the forecast daily movements and her actual accuracy percentage on a weekly trend basis.

U.S. TREASURY BONDS "Actual" vs. F.A. "Forecast"



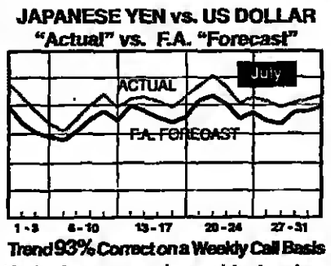
Trend 97% Correct on a Weekly Call Basis

U.K.: FTSE 100 INDEX "Actual" vs. F.A. "Forecast"



Trend 88% Correct on a Weekly Call Basis

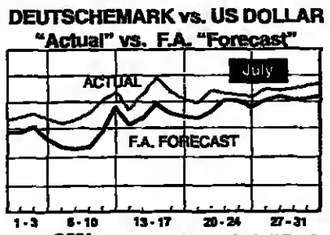
JAPANESE YEN vs. US DOLLAR "Actual" vs. F.A. "Forecast"



Trend 93% Correct on a Weekly Call Basis

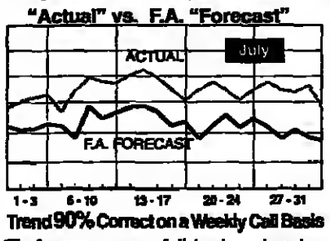
(On the above currency chart, and the chart shown below, a rising trend line shows a weakening in the currency stated against the U.S. dollar. A falling trend line shows a strengthening of the currency against the U.S. dollar).

DEUTSCHEMARK vs. US DOLLAR "Actual" vs. F.A. "Forecast"



Trend 88% Correct on a Weekly Call Basis

CRUDE OIL PRICE TREND "Actual" vs. F.A. "Forecast"



Trend 90% Correct on a Weekly Call Basis

(The forecast accuracy of all the above charts have been checked by a leading international bank.)

About the Editor

Rebecca Nolan is a mathematician and financial astrologer. She taught mathematics for many years at U.S. universities. In 1990 when she visited Hong Kong, she was persuaded by certain well-known businessmen there to accept clients. She now consults regularly to several Heads of State and wealthy investors and businessmen. She is featured regularly in magazines and newspapers and has appeared on radio and television. She is a member of the 30,000 strong American Federation of Astrologers (AFA).

"It's Easy to Become a Millionaire, But to Become a Billionaire You Need an Astrologer"

This was once stated to a newspaper reporter by J.P. Morgan, who founded J.P. Morgan & Co., and was one of the most successful investors in history.

Today there are many fund managers and currency analysts who privately and quietly use financial astrology to predict stockmarket, currency and commodity futures turning points.

An international daily newspaper quoted the manager of a large Japanese securities house as saying his company had made "huge profits" last year usiog financial astrology... "More than 70% of the foreign exchange predictions we made last year were correct." he said.

Rebecca Nolan is also bullish on the gold price. Order a copy of the Sept-Nov. 1998 issue, which contains her October forecast of a major correction on the Dow, or subscribe for the next 4 issues, and you'll be sent a FREE "Gold Price Wall Chart" showing daily forecasts of the trend in the gold price over the next 4 months. Take advantage of the 50% Special Offer and order today using the coupon below.

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Friday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

A-B-C

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]										

D-E-F

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
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G-H-I

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]										

J-K-L

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]										

M-N-O

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]										

Continued on Page 14

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WALL STREET WATCH

Violent Market S

CURRENCY

هكذا من الأصل

هكذا من الاصل

Herald Tribune (INTERNATIONAL)

BUSINESS/FINANCE

SATURDAY-SUNDAY, SEPTEMBER 12-13, 1998

European Markets Rattled by Turmoil

But Region's Economy Seems in Good Shape

By Tom Buerkle
International Herald Tribune

LONDON — The uncertainty over President Bill Clinton's future and the continued financial turmoil in developing countries rattled stock markets in Europe on Friday, but Europe's underlying economy is in better shape than most others to ride out the storm, analysts said.

European growth is increasingly driven by domestic factors such as rising employment and consumer spending, a fact that leaves the region less vulnerable to the weakness spreading from Asia and Russia into Latin American economies, analysts said.

Investors seeking shelter from the financial turbulence continued to flock into European bonds, meanwhile, supporting European currencies against the dollar and driving interest rates down to record low levels.

The yield on Germany's benchmark 10-year government bonds fell slightly to 3.99 percent on Friday, the first time it had ever fallen below 4 percent and down nearly one-quarter point for the week.

Those low rates should help sustain growth by making it easier for companies and consumers to borrow.

"If you're looking for an oasis in the storm, the Euro area is it," said Kim Schoenholtz, chief economist at Salomon Smith Barney.

The dollar recovered somewhat to close at 1.6943 Deutsche marks in New York, after finishing at 1.6840 DM on Thursday. The dollar has fallen more than 10 pfennig in the last two weeks, though, and most analysts believe it will continue to weaken because of U.S. political uncertainty and the risk that financial turmoil in Latin America will hit U.S. corporate profits and growth.

European stock markets settled down on Friday, reassured for the moment by a firmer opening on Wall Street after the 3 percent plunge Thursday. The FTSE index of 100 U.K. stocks closed 18 points lower at 5,118.60 after trading at one point below 5,000. The CAC-40 index of French stocks slipped by 0.31 percent, to 3,578.34, and Germany's DAX index fell 0.21 percent, to 4,737.15.

Madrid's IBEX index fell 2.23 percent, though, reflecting the heavy exposure of Spanish companies to Latin America, while Milan's main index fell 2.60 percent.

To be sure, Europe will suffer from the continued deterioration of the global economy as weakness in developing economies reduces European exports and generates tougher competition in the form of cheaper imports from Asia and elsewhere.

Bot Europe trades less with Latin America than the United States does, so its economy should suffer less from turmoil in places like Brazil, which raised interest rates by 20 percent on Thursday to stop a flight of capital oot of the country.

The European economy also is less sensitive to swings in the stock market than the United States is, because Europeans own fewer shares. Stock market gains amounted to about 35 percent of personal disposable income in the United States in 1997, compared with 15 percent in Britain, 6 percent in Germany and less than 4 percent in France, according to the Organization for Economic Cooperatioo and Development.

Francois Chauchat, a strategist at the Paris brokerage Chevreux de Virieu, has downgraded his forecast for growth in the 11 countries in the Euro zone to about 2.25 percent next year from 2.9 percent previously. But the firm has slashed its U.S. growth forecast even further, to 1.4 percent from 2.5 percent.

"The fundameotals of the domestie economy in the U.S.A. and Europe are better than ever," Mr. Chauchat said. Bot he added that U.S. growth would suffer a higger slowdown through a deterioration of trade.

The government on Thursday reported the U.S. curreot aecount deficit widened to a record $56 billion in the second quarter of this year.

European markets will remain very nervous, and the European economy will suffer if the financial turmoil wreaks enough havoc to trigger a global recession. But most analysts regard the dollar as the biggest point of vulnerability.

"The Clinton news has had a big impact on the dollar," said Hans-Peter Hausheer, a senior economist at Warburg Dillon Read in Zurich.

"There are fears in the market that because of this issue," he said.

"The U.S. could be occupied with internal problems and no longer able to act in the worldwide situation as they should. This is a rather dangerous situation."

Agence France-Presse

A saleswoman in a store near Moscow surveying shelves Friday picked clean during recent days of panic buying.

Duisenberg Warns of Asia Fallout

But Head of Euro Bank Advises: 'Do Not Panic'

By John Schmid
International Herald Tribune

FRANKFURT — The president of the European Central Bank warned Friday that Europe was at risk from the economic tumult in Asia and Russia.

"There is no doubt that these developments will have a dampening effect on the world economy," Wim Duisenberg said.

"We are perfectly aware that the risks associated with current global developments go beyond those effects which we can measure directly," he said. "We have to take these risks seriously and analyze the situation soberly, but we should also not dramatize."

After recent pronouncements from the U.S. Federal Reserve and the Bank of England, Mr. Duisenberg became the latest major central banker in the past week to warn that the biggest Western economies are vulnerable to the global financial turmoil.

The comments coincide with fears that the global economy is cooling so rapidly that central bankers might undertake "an iotematiooally coordinated interest rate cut," said Joachim Fels, Londoo-based economist at Morgan Stanley Dean Witter.

Betting oo a round of tandem lending rate cuts picked up pace after the Bank of Japan lowered one of its interest rates Thursday in what some called an emergeocy measure for the Japanese economy, which has slid into a deeper-than-expected recession.

In unusually hlunt terms for a central banker, Mr. Duisenberg said the global environment "has clearly worsened" and made monetary policy "more uncertain." The dollar, which has tumbled in the two weeks since Russia's economic and political crisis rattled markets, could also become a problem for Europe, Mr. Duisenberg said. A weaker dollar puts European exports at a disadvantage by making them more expensive in any of the nations whose currencies are pegged to the U.S. currency.

"The dollar has fallen quite sharply over the past two weeks," Mr. Duisenberg said. "If this continues, that would be a reason for worry."

Like the Fed and Bank of England, Mr. Duisenberg took pains to soothe nerves and avoid stoking any fears that would upset the delicate international order of financial markets and economies.

"Our advice, in short, is: Do not panie," Mr. Duisenberg said.

By assuring that he is "not concerned at all" aboot European inflation, Mr. Duisenberg contributed to the view that Europe will keep interest rates low and play its role in stoking economic activity, economists said.

Another coordinated effort to preserve the shaky status quo could come Monday with the meeting of finance officials from the Group of Seven major industrial economies in London.

It is not certain that Asian and Russian problems will land on Europe's shores, Mr. Duisenberg said. European growth currently is bolstered by low inflation, low interest rates and consumer spending.

Last week, the Fed chairman, Alan Greenspan, warned that the U.S. could oot remain "an oasis of prosperity unaffected by a world that is experiencing greatly increased stress."

WALL STREET WATCH

Violent Market Surges: A Crapshoot?

By Gretchen Morgenson
New York Times Service

NEW YORK — Investors in the stock market have to be ready for ups and downs.

Everybody knows that. But who was prepared for the market's manic depressive mood swings of the past few weeks? And what do the increasingly violent moves in stocks mean for the market overall?

Investors who thought that Tuesday's stunning surge marked the end of the market's late-summer troubles quickly learned otherwise when the Dow Jones industrial average fell 155.76 points Wednesday.

On Thursday, the market continued to cave, with the Dow falling 249.48 points, or 3.17 percent, to close at 7,615.54.

In those two days' trading, investors have given up more than they made during the record point rise on Tuesday.

Then on Friday, the Dow climbed 2.4 percent 179.96 to close at 7,795.5.

These are wide swings. But they are not as wide as the gaps in recent weeks between the high and the low each day in the market averages. In two out of three trading days this week, the Dow Jones industrial average traded in a range that exceeded 300 points.

Thursday's range of 338.57 points amounted to 4.3 percent of the index's value. And the swings in markets overseas have been even greater.

Moodiness like this used to be an occasional thing in American stocks. Now, going from euphoria to depression seems to be de rigeur.

Trouble is, these market gyrations have consequences: they are highly distressing to investors' psyches and exceedingly costly to their portfolios. Extreme volatility in share prices, what investors have been experiencing since stocks peaked in July, makes the market feel like a crapshoot.

Of course, it now takes a bigger move in points to register a meaningful percentage gain or loss. Nobody expects the stock market at these levels to move up or down a mere 25 points or so.

Bot percentage moves of 4 percent or more that have whipsawed investors recently makes the market seem more unstable, less rock solid. And these moves are not limited to the indexes. Consider what happened Thursday to the stock of Merrill Lynch & Co. Thursday's trading in that stock had a range of 7.8 percent, from a high of $55.875 to a low of $51.50. It elosed at $55.50.

This is not an isolated example, nor was the volatility the result of a hot news announcement.

Brokers are mixed on what investors should do to protect themselves from the high costs of trading in volatile markets. Some advise investors looking to get into stocks to use only limit orders, which specify a price the investor is willing to pay for the shares.

Market orders, in which an investor pays the prevailing market price on his order, are more common and often cheaper to execute. But in times of volatility market orders can be a good way to pay up to buy stocks.

Other brokers advise investors to simply sit out the rough and tumble trading days.

These people say that on those occasions, the market is simply trying to find a level, that all the churning in stocks makes it impossible to buy with confidence.

Besides individual stocks, major indexes trade in exceedingly wide ranges these days too.

In just the past month, almost one trading day in three involved an unusually wide trading range, according to Fane Lozman, chairman of Scanshift, a creator of market display software in Chicago.

In the 23 trading days going back to Aug. 10, Mr. Lozman studied the intraday range for the Standard & Poor's 500 September futures cootracts, the vehicle institutional investors used to buy or sell the overall market.

He found that on seven occasions the range for the futures during a day's trading was one-and-one-half times greater than the mean range had been during the previous thirty days.

On three occasions, the range was twice as great as it had been previously.

"We are in a new market era of volatility that people have to get used to," Mr. Lozman said. "The average person likes to see a nice steady increase in stock prices.

But the speed with which this market goes from one price level to another price level is incredible."

It is also expensive, at least for individual investors. Professional traders like wide swings in stocks because oo the large hlocks of shares that they trade, they can make big money on even the tiniest move.

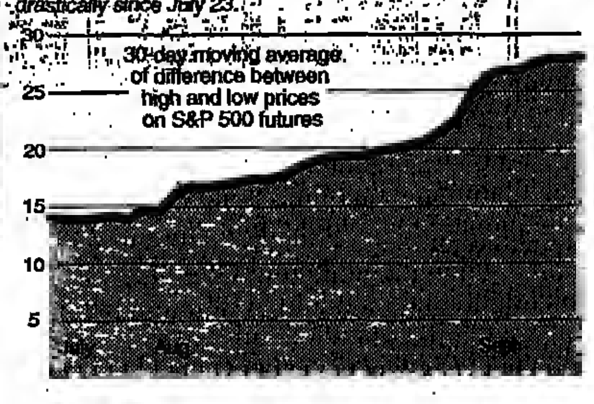
Bot for smaller investors, volatility makes getting in and out of stocks a very costly proposition.

Think of the person who sold Citicorp Thursday at its low of $83.50, only to see it close at $88.25.

Or the investor who bought Exxon at $70.6875, only to see it close one point lower.

A Time of Turmoil

Volatility has been one thing traders can count on in the market this summer. The daily range of trading prices of S&P's 500 futures, one measure of market swings, has risen drastically since July 23.



Source: Scanshift

NYT

Latin America's Woes Shake Global Investors

By John M. Berry
Washington Post Service

WASHINGTON — Financial markets in Latin America and some other parts of the developing world were shaken by severe turbulence this week — with Brazil the hardest hit — as global investors cootinued to pull their mooey out of areas they fear are growing riskier.

U.S. financial analysts and policymakers regard Brazil, the largest ecooomy in Latin America, as oo the front line in the battle to stabilize world financial markets and prevent global economic turmoil from spreading to the United States.

A recession and currency devaloation in Brazil would cause heavy losses for U.S. lenders and exporters, and possibly drag down the economies of other important U.S. trading partners in the region.

"Latin America is teetering on the brink," said Bruee Steinberg, chief economist at Merrill Lynch & Co. in New York.

Markets across Latin American took a heavy hit Thursday, before recovering Friday. Brazil's key stock price index, the Bovespa, elosed down 15.8 percent Thursday despite two trading halts, and already-high interest rates were raised again to try to protect Brazil's curreney, the real.

Meanwhile, Mexion's main stock index, the Bolsa, fell 9.8 percent Thursday as the value of that nation's currency, the peso, hit an all-time low of 10.32 against the dollar. The peso's drop occurred despite intervention by the Bank of Mexico, which sold dollars for pesos to prop up the latter's value.

In late trading Friday, the Bovespa roared back 13.3 percent to stand at 5,384.95, while the Bolsa also recovered ground, rising 2.4 percent to 2,925.49. The peso traded at 10.61.

The Brazilian currency is under pressure from a huge outflow of capital that could force a devaluation and unleash another wave of market turmoil that would drag down not only other Latin American currencies but perhaps the Hong Kong dollar as well.

That onocern was underscored by a senior U.S. Treasury official who said Thursday that he and others "have been in elose contact with our counterparts in Brazil and other Latin American countries today. These couotries have made great progress in economie reform in recent years, and it is very much in our interest to be supportive of the reform efforts of these nations, whieh mean so much to our economy."

Mr. Steinberg said, "If the real were to craek, a Brazilian and regional recession would ensue."

See BRAZIL, Page 12

CURRENCY & INTEREST RATES

Cross Rates

Sept. 11

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.904	3.2035	1.1284	0.3385	0.1143*	—	5.4405*	1.3745	1.4405*	1.3585	1.3265*
Brussels	34.91	58.815	20.6295	6.1522	2.0806*	18.283	—	25.1175	0.2632	23.30	24.2875*
Frankfurt	1.6885	2.8484	—	0.2982	0.1012*	0.8863	4.8405*	1.2191	1.2897*	1.1164	1.1774*
London (a)	1.6839	—	2.8409	9.5377	2,806.66	3.2063	58.4454	2.3364	228.682	2.5479	240.4305
Madrid	143.303	241.726	84.936	25.33	8.597*	75.273	4.1173	103.40	108.416*	94.621	—
Milan	1,670.50	2,815.40	987.85	294.50	—	875.95	47.88	1,203.45	12.77	1,108.45	11.64
New York (b)	—	1.6728a	1.6843	5.679	1,674.00	1.9168	34.89	1.3985	130.675	1.5140	143.39
Paris	5.6579	9.543	3.3539	—	0.3384*	2.9718	0.1686	4.0022	4.3397*	3.7356	3.948*
Tokyo	138.10	220.39	77.25	23.19	0.788	68.90	3.3680	94.76	—	86.59	0.9156
Toronto	1.514	2.5325	0.8976	0.2666	0.0905*	0.7723	0.4308*	1.0888	1.1586*	—	0.1052*
Zurich	1.3867	2.3401	0.8223	0.2453	0.0833*	0.7288	3.9808*	—	1.0890*	0.9176	0.949*
ECU	1.1638	0.6995	1.9604	6.5864	1,938.72	2.2140	40.4820	1.6119	152.336	1.7646	166.676
SDR	1.3741	0.8154	2.3215	7.7789	2,300.44	2.6172	47.929	1.9062	184.685	2.0815	196.907

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York and Toronto rates at 4 P.M.
a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9998	Greek drac.	291.37	Mex. peso	10.61	S. Afr. rand	6.3305
Australian $	1.6667	Hong Kong $	7.749	N. Zealand $	1.9283	S. Kor. won	1366.50
Austrian sch.	11.868	Hung. forint	220.5	Norw. krone	7.5395	Swed. krona	7.9858
Brazil real	1.1789	Indian rupee	42.49	Phil. peso	43.71	Taiwan $	34.50
Chinese yuan	8.2796	Indo. rupiah	11850.	Polish zloty	3.57	Thai baht	40.78
Czech koruna	30.39	Irish £	0.6739	Port. escudo	172.93	Turkish lira	273750.
Danish krone	6.4271	Israeli shek.	3.8625	Russ ruble	12.8749	UAE dirham	3.671
Egypt. pound	3.409	Kuw dinar	0.3043	Saudi riyal	3.751	Venez. boliv.	586.75
Fin. markka	5.1335	Malay. ring.	3.80	Sing. $	1.72		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6852	1.6825	1.6800	Japanese yen	130.37	129.77	129.21
Canadian dollar	1.5152	1.5152	1.5153	Swiss franc	1.3804	1.3756	1.3713
Deutsche mark	1.6822	1.6791	1.6765				

Sources: ING Bank (Amsterdam); KBC Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Libid-Libor Rates

Sept. 11

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 1/2 - 5 5/8	3 1/2 - 3 5/8	1 5/16 - 1 7/16	7 5/8 - 7 3/4	3 1/4 - 3 3/8	1/2 - 9/16	4 5/16 - 4 7/16
3-month	5 3/8 - 5 1/2	3 1/4 - 3 3/8	1 3/8 - 1 1/2	7 9/16 - 7 11/16	3 1/4 - 3 3/8	1/2 - 9/16	4 - 4 1/8
6-month	5 1/4 - 5 3/8	3 3/8 - 3 1/2	1 7/16 - 1 9/16	7 - 7 1/16	3 3/8 - 3 1/2	1/2 - 9/16	3 7/8 - 4
1-year	5 1/16 - 5 3/16	3 3/8 - 3 1/2	1 7/16 - 1 9/16	7 - 7 1/8	3 3/8 - 3 1/2	1/2 - 9/16	3 3/4 - 3 7/8

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States		Today	Prev
Discount rate		5.00	5.00
Prime rate		8 1/2	8 1/2
Federal funds		5 1/2	5 5/8
90-day CDs (dealer)		5.42	5.48
180-day CP (dealer)		5.25	5.31
ML 30-day R-A		5.02	5.02
	Price	Yield	Prev
3-month T-bill	4.74	4.85	4.75
1-year T-bill	4.51	4.71	4.58
2-year T-note	100-26	4.47	4.56
5-year T-note	102-20	4.64	4.55
7-year T-note	114-24	4.81	4.72
10-year T-note	104-02	4.83	4.76
30-year T-bond	104-03	5.23	5.18
Japan		Close	Prev
Discount rate		0.50	0.50
Call money		0.24	0.23
1-month interbank		0.60	0.60
3-month interbank		0.65	0.65
6-month interbank		0.67	0.67
10-year Govt bond		1.01	1.09
Germany			
Lombard rate		4.50	4.50
Call money		3.42	3.42
1-month interbank		3.45	3.45
3-month interbank		3.47	3.48
6-month interbank		3.53	3.54
10-year Bund		4.01	4.09

Britain		
Bank base rate	7 1/2	7 1/2
Call money	7.00	7 1/4
1-month interbank	7 5/8	7 11/16
3-month interbank	7 1/2	7 1/2
6-month interbank	7 1/4	7 5/16
10-year Gilt	5.18	5.17
France		
Intervention rate	3.30	3.30
Call money	3 3/8	3 3/8
1-month interbank	3 7/16	3 7/16
3-month interbank	3 7/16	3 7/16
6-month interbank	3 1/2	3 1/2
10-year OAT	4.17	4.18

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	293.00	+3.00
London	293.75	293.35	+2.85
New York	293.50	296.80	+3.00

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Dec.)

Source: Reuters.

groupe Promodès

First Half 1998 Financial Results

FF millions	June 30, 1998	June 30, 1997	1998/1997 change
Net sales	56 200	51 822	+ 8,4 %
Operating income	1 006	1 085	- 7,3 %
Income before non recurring items and taxes	1 017	1 153	- 11,8 %
Net income before minority interests	711	634	+ 12,2 %
Net income after minority interests	621	528	+ 17,6 %
Cash flow	1 739	1 255	+ 38,6 %

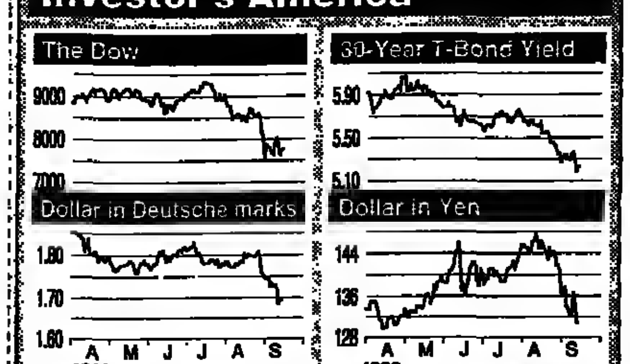
Promodès net income growth: + 17.6% in first-half

PROMODES Group results the first half of 1998 were affected by changes in the scope and methods of consolidation resulting from external growth operations initiated at end 1997/early 1998. Operating income and income before non recurring items and taxes decreased, respectively, by 7.3% and 11.8% compared to first half 1997. This is explained by the change in consolidation method, from full consolidation to the equity method, for the Italian subsidiary, GRUPPO G, the acquisitions of SIMAGO in Spain, of MINIPRECO in Portugal and of CATTEAU in France. Excluding these operations, the growth in operating income would have amounted to 8,5 % and that of income before non recurring items and taxes, by 14%.

However, net income after minority interests rose by 17.6%, as a result of an increase in contributions from companies consolidated by the equity method, linked to the consolidation of the Italian subsidiary, as well as the increase from PROMODES' interest in several of its subsidiaries.

INTERNET. http: // www. promodes.fr

Investor's America



Exchange	Index	Friday 4 P.M.	Prev. Close	% Change
U.S.	The Dow	[illegible]	[illegible]	[illegible]
U.S.	S&P 500	[illegible]	[illegible]	[illegible]
U.S.	S&P 100	[illegible]	[illegible]	[illegible]
U.S.	NYSE Composite	[illegible]	[illegible]	[illegible]
U.S.	Nasdaq Composite	[illegible]	[illegible]	[illegible]
U.S.	AMEX Composite	[illegible]	[illegible]	[illegible]
Toronto	TSE Index	[illegible]	[illegible]	[illegible]
São Paulo	Bovespa	[illegible]	[illegible]	[illegible]
Mexico City	Bolsa	[illegible]	[illegible]	[illegible]
Buenos Aires	Merval	[illegible]	[illegible]	[illegible]
Santiago	IPSA General	Closed	[illegible]	[illegible]
Caracas	Capital General	[illegible]	[illegible]	[illegible]

Source: Bloomberg, Reuters — International Herald Tribune

AmEx and Intel Help Stocks Move Higher

Compiled by Our Staff From Dispatches

NEW YORK — U.S. stocks rose for the first time in three days Friday as upbeat forecasts from Intel and American Express offered investors some rare good news.

The brightest spot on Wall Street was in the technology sector, with stocks surging on positive earnings news from Oracle, as well as Intel.

The Dow Jones industrial average rose 179.96 points, or 2.4 percent, at 7,795.50. Advancing issues outnumbered declining ones on the New York Stock Exchange by a 4-to-3 margin. The rise put the Dow into positive territory for the week, with a gain of 2 percent.

Broad-market indicators were also higher, especially the technology-heavy Nasdaq composite index, which rose 56.34 points, or 3.5 percent, at 1,641.67. The Standard & Poor's 500-stock index rose 28.80 points to 1,008.99.

U.S. STOCKS

Andrew Abrams, a money manager at CWH Associates, said the Dow was under pressure early amid speculation that President Bill Clinton would resign. "When he didn't say he was going to resign it took the pressure off," Mr. Abrams said.

A Labor Department report of a sharper-than-expected drop in U.S. wholesale prices last month raised expectations that the Federal Reserve's next move would be to reduce short-term interest rates to help offset the fallout from the global economic crisis.

Technology stocks got a lift from encouraging earnings statements from Intel and Oracle. Intel said late Thursday it would report unexpectedly high third-quarter sales due to strong demand from computer makers in the United States and Europe. Oracle, the largest maker of corporate database software, reported stronger-than-expected profits for the quarter ended last month.

American Express shares rose after the company said the impact from slowing economies in emerging markets had been "relatively modest," and that its long-term target for earnings growth was still 12 to 15 percent a year.

U.S. bonds fell for the first time in three days as stocks rose, dimming the allure of Treasury securities as refuge, and as investors balked at the lowest yields in three decades.

The price of the benchmark 30-year Treasury bond fell 13/32 to 104 2/32, pushing its yield up to 5.23 percent from 5.18 percent.

Statistics on inflation show that slowing growth and weak currencies around the world are pushing prices down in the United States, putting pressure on profits. The producer price index dropped 0.4 percent in August; the core rate, excluding food and energy, fell 0.1 percent.

"Economic growth is slowing down, and earnings growth will be fairly low," said Robert Natale of Bear Stearns Asset Management. "If that's the case, it will be difficult for stocks to make progress." Stocks could rebound if the Federal Reserve cuts interest rates, he said.

(Bloomberg, AP)

House Panel Denies Full IMF Funds

By Katharine Q. Seelye
New York Times Service

WASHINGTON — Rejecting pleas by the administration, a key House committee has voted against full financing for the International Monetary Fund.

The action Thursday appears to doom efforts by the administration and the Senate, which had already approved full funding as a way to replenish IMF reserves. But Representative Bob Livingston, Republican of Louisiana and chairman of the Appropriations Committee, held out the possibility that the House could still approve the money under an agreement with the Senate.

The committee, egged on by Representative Tom DeLay, the third-ranking Republican in the House, voted largely along party lines Thursday to deny the request for $18 billion. Instead the committee voted, 30 to 22, to provide only $3.4 billion.

Mr. Livingston told the committee he was voting against full financing in order to buy time to draw up more stringent operating conditions for the fund. He added that he would probably vote to approve full financing later.

He told reporters that those who want the agency to die "may well predominate," but added, "My suspicion is that there is enough support among both parties in both houses that you're going to have an IMF."

The White House budget director, Jacob Lew, wrote to Mr. Livingston on Thursday, saying the full $18 billion is critical because IMF resources are so low.

"To reject or delay this funding not only would undermine America's leadership in the world, it also would expose American workers, savers, farmers and businesses to unacceptable economic risks," Mr. Lew wrote.

But as time runs out and Congress becomes overwhelmed with possible impeachment proceedings against President Bill Clinton, the committee may not be able to focus on IMF details.

Dollar Dives Against Yen As Starr Report Unfolds

Bloomberg News

NEW YORK — The dollar tumbled against the yen Friday on concern that a report by the independent counsel, Kenneth Starr, may prompt Congress to try to impeach President Bill Clinton.

Traders also sold the dollar amid speculation that the Federal Reserve Board may cut interest rates and on talk that the U.S. Treasury may be softening its long-standing support for a strong dollar.

"There's talk the Fed is going to cut rates soon and the continuing Clinton situation is weighing on the dollar," said Hugh Walsh, a trader at Commerzbank. "There's also a belief the U.S. has changed its strong dollar policy. From a world perspective, the dollar's losing its safe-haven luster."

At 4 P.M. in New York, the dollar fell to 130.675 yen from 134.400 Thursday. The dollar rose to 1.6943 Deutsche marks from 1.6840 DM, on the financial and political malaise in Russia.

Against other major currencies, the dollar climbed to 5.6790 French francs from 5.6480. It rose to 1.3905 Swiss francs from 1.3840. The pound declined to $1.6728 from $1.6903.

The dollar's gains were tempered by concern that the United States

FOREIGN EXCHANGE

may be wavering in its support for the dollar's strength. Treasury Secretary Robert Rubin said in an interview to be published in the Sept. 28 issue of Fortune magazine that a strong yen would be good for Asia.

Still, Mr. Rubin last week reiterated in San Francisco his oft-stated remark that a strong dollar is in the U.S. economic interest, adding that there has been no change in that stance.

"The interpretation is that Rubin's changing his policy, but this is not a departure," Keith Woodfin, an analyst at Foreign Exchange Analytics in Essex, Connecticut, said of the article.

U.S. Acts to Stop Chinese Beetles

New York Times Service

BEIJING — The U.S. government announced Friday that it would ban the import of all Chinese goods shipped in raw wood packing material in an effort to halt the invasion of a devastating tree-eating insect. The move could strain the Chinese economy and Beijing's relations with Washington.

Officials said that the crates and pallets bringing Chinese goods to North America sometimes harbor the voracious Asian longhorn beetle, which has emerged from packing material in U.S. warehouses to kill trees in five locations around New York and Chicago in the past year.

The ban, to take effect in 90 days, will probably affect from one third to one half of China's $62 billion export trade to the United States — at a time when Beijing has already seen its hurtling export growth slowed by weak currencies in Japan, South Korea and other Asian countries.

AP

NEW DRIVER — William Clay Ford Jr. will succeed Alex Trotman as chairman of Ford Motor in January.

Very briefly:

- **Microsoft Corp.** has called the U.S. government's antitrust lawsuit against it "half-baked" and has asked a federal judge to throw out the case. Microsoft said it had not acted illegally to limit competition.
- **Colombia's** industrial production rose 6.76 percent in the first six months of the year compared with the year-earlier period, its strongest performance for six years, according to Colombia's National Statistics Department.
- **Twelve of the largest U.S. steel companies** will file unfair-trade complaints with the Commerce Department against foreign companies, in a drive to limit imports they say are threatening jobs and profits.
- **Pratt & Whitney**, a unit of **United Technologies Corp.**, one of the world's three largest aircraft engine makers, is to cut 1,000 hourly jobs in Connecticut amid order delays from Boeing Co. and Airbus Industrie.
- **The Learning Co.**, an educational software company, is to cut about 500 jobs and consolidate certain facilities as it integrates its purchase of **Broderbund Software Inc.**, the maker of software under the Myst and Carmen Sandiego titles.

AP, Bloomberg, Reuters

BRAZIL: *Latin America's Woes Shake Global Investors*

Continued from Page 11

Merrill Lynch has lowered its forecast for Latin American economic growth to 2 percent next year from 3.5 percent, Mr. Steinberg said. He added that the forecast assumes that Brazil will be able to sustain the value of the real within its "crawling peg," a process in which the authorities allow a gradual depreciation.

A variety of U.S. companies would be hurt by a Brazilian devaluation and recession. According to the U.S. Federal Reserve, U.S. banks had more than $19 billion in loans and other claims in the country at the end of March, the last month for which figures are available. In the first half of this year, U.S. companies exported more than $7 billion worth of goods and services to Brazil.

If the Brazilian economy falters, the demand for U.S. exports would shrink and some borrowers probably would be unable to repay their loans on time.

The exposure of large U.S. banks in the region — they had more than $10 billion on the line in Argentina in March — is one reason the price of their stocks have plunged by 30 percent to 50 percent in recent weeks, analysts said. For the Brazilians, dealing with the crisis is greatly complicated by the fact that President Fernando Henrique Cardoso faces the voters in a re-election bid Oct. 4. His government is attempting to avoid a devaluation, or perhaps some type of currency controls, until after the election, when other policy changes such as large spending cuts could be proposed instead.

The Trib Index

Prices as of 4:00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	171.10	+0.98	+0.58	−0.59
Regional Indexes				
Asia/Pacific	72.53	−1.12	−1.52	−24.50
Europe	205.25	−2.16	−1.05	+6.33
N. America	232.51	+6.53	+2.89	+7.65
S. America	71.74	+4.99	+7.48	−53.01
Industrial Indexes				
Capital goods	236.15	+6.49	+2.83	+14.32
Consumer goods	211.38	+0.41	+0.19	+0.79
Energy	190.03	+5.52	+2.99	−2.53
Finance	111.30	−2.24	−1.97	−9.48
Miscellaneous	140.42	−0.25	−0.16	−6.31
Raw Materials	160.77	+1.46	+0.92	−3.87
Service	185.25	+1.11	+0.60	+6.28
Utilities	156.93	+3.87	+2.53	−5.96

The International Herald Tribune World Stock Index © tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.
Compiled by Bloomberg News.

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AMEX

Friday's 4 P.M. Close

The 200 most traded stocks of the day, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7612.16	7816.87	7519.24	7795.50	+179.96
Trans	2632.87	2679.74	2614.71	2679.17	+47.66
Util	278.18	281.68	275.23	281.68	+3.32
Comp	2419.81	2472.12	2394.07	2469.12	+48.92

Standard & Poors

	High	Previous Low	Close	Today 4 P.M.
Industrials	1203.88	1162.62	1175.58	1206.72
Transp.	572.13	550.41	559.33	568.64
Utilities	238.68	235.21	237.94	240.76
Finance	106.92	100.52	102.26	107.31
SP 500	1006.20	968.64	980.19	1009.06
SP 100	492.48	472.31	478.80	492.99

NYSE

	High	Low	Last	Chg.
Composite	500.03	482.81	500.03	+12.26
Industrials	624.39	606.19	624.05	+13.16
Transp.	394.77	385.23	394.42	+6.39
Utility	366.78	352.78	366.78	+9.40
Finance	442.86	418.95	442.86	+16.42

Nasdaq

	High	Low	Last	Chg.
Composite	1641.67	1587.81	1641.65	+56.32
Industrials	1024.03	1000.15	1024.03	+24.80
Banks	1689.99	1659.65	1689.99	+28.06
Insurance	1518.68	1463.02	1518.68	+43.70
Finance	2141.92	2063.34	2141.92	+63.37
Transp.	847.12	826.85	847.12	+28.11

AMEX

	High	Low	Last	Chg.
	613.21	605.24	613.21	+6.98

Dow Jones Bond

	Close	Chg.
20 Bonds	105.82	+0.38
10 Utilities	103.04	+0.34
10 Industrials	108.59	+0.40

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
Travelrs s	168369	41⅛	37⅞	40⅝	+1⅝
Citicorp	109574	97	85½	96⅞	+8⅞
TelBrasl	108780	55⅞	50	55⅞	+5⅞
Compaq s	107200	33	30⅝	31⅞	−⅛
ChaseM s	103901	46⅜	40⅝	45⅞	+3⅞
MerrLyn	85963	56⅞	52¼	55⅞	+3⅞
GenElec	85476	79⅞	75¼	79⅝	+2⅞
LehmBr	84804	37⅝	32⅞	35⅞	−2⅞
NatnsBk	73490	54⅝	48¼	54⅝	+4
Disney s	70075	27⅞	26¼	27⅛	+½
Schlmb	68803	52⅜	49⅞	51⅜	+2⅜
Lucent s	68446	77⅞	74⅞	77¼	+1⅞
Cendant	65807	12	11	11⅞	+⅛
AmOnline s	65731	96⅞	91	95⅞	−⅛
Pfizer	63767	100⅞	95	100⅞	+6⅞

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel	366451	85⅞	82	84⅞	+5⅞
DellCptr s	326319	57⅛	54⅞	57⅛	+2⅜
Oracle	240651	25⅜	24½	25⅞	+3⅞
Micrsft s	140646	104⅞	100⅛	104⅞	+3⅞
Cisco s	131770	92⅞	87⅜	92⅞	+4⅜
WorldCm	90610	47⅞	44½	47⅛	+1
Ascend	21930	46⅞	42⅜	45⅞	+3⅜
CienaCp	79206	17⅜	15⅜	15⅞	−⅞
3Com	69101	29	27⅞	28⅞	+1⅜
ChancMd s	66142	27⅞	23⅜	24⅜	−1⅜
SunMic	58280	48⅞	47	48⅞	+1
Novell	57982	11⅞	11⅛	11⅞	+⅛
Yahoo	56228	81⅞	76⅜	79⅞	—
Amgen	54674	73⅞	67⅞	72⅜	+1⅞
Tellabs	54475	45⅜	43⅜	45	+1

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	198225	101½	97	101¼	+1⅞
GoyCn	12283	3⅞	3	3	−⅛
EchoBay	11546	2⅜	2¼	2¼	−⅛
DJIA Diam	10622	78⅞	75⅞	78⅞	+2⅞
RoyalO g	8741	⅜	⅜	⅜	+⅛
BemaGold	7896	1⅞	1¼	1¼	−⅛
ViacB	7893	61	59⅞	60⅞	+½
Nabors	7648	16⅞	15⅞	15⅞	+⅛
Hemispx	6842	10⅞	9⅜	9⅞	−1⅛
GK Intell n	6322	5⅜	4⅞	4⅞	+⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	2064	801
Declined	1006	2363
Unchanged	462	381
Total issues	3532	3545
New Highs	23	17
New Lows	376	517

Nasdaq

	Noon	Prev.
Advanced	2043	1171
Declined	1441	2993
Unchanged	1554	1309
Total issues	5038	5523
New Highs	4	6
New Lows	249	557

AMEX

	Close	Prev.
Advanced	315	194
Declined	240	412
Unchanged	154	137
Total issues	709	743
New Highs	6	7
New Lows	53	65

Market Sales

	Today 4 P.M.	Prev. cons.
NYSE	817.70	1,032.99
Amex	41.24	49.93
Nasdaq	678.23	762.91

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Pioneer Inter Shrs	–	.26	9-17	9-30
Prud Ntl Muni A	c	.017	9-15	9-25
c- also payable on classes B&C.				
Royal Dutch Petrol	b	.7071	9-16	9-30
REVERSE STOCK SPLIT				
Carleton Corp 1 for 5 reverse split.				
LTC Properties 1 share of LTC Healthcare for each 10 shares held.				
Qualcomm Inc 25 shares of Leap for every share held.				
INCREASED				
Flowers Indust	Q	.12	9-25	10-9
Gt Lakes REIT	Q	.32	9-21	10-1
Realty Income	M	.1675	10-1	10-15
Wallace Computer	Q	.16	12-1	12-21
EXTRA				
Alum Co of Am	–	.125	11-6	11-25
INITIAL				
Burlington Coat	–	.02	9-30	10-26
Indiana United Bn	–	.145	9-10	9-21
NewSth Bncp n	–	.07	10-2	10-23
Tritech Petrol g	–	.12	9-22	9-30
REGULAR				
Abbey Ntl PLC A	b	.5469	9-21	10-6
Abbott Labs	Q	.15	10-15	11-15
Alum Co of Amer	Q	.25	11-6	11-25
Birmingham Util	Q	.17	9-22	9-30
Cabot Indust	Q	.325	10-9	10-28
Chubb Corp	Q	.31	9-25	10-13
Equity Inco AT&T	M	.24	9-15	10-1
Essex Prop	Q	.50	9-30	10-15
Fst Indust Rlty	Q	.53	9-30	10-19
Fst M&F Corp	Q	.24	9-21	9-30
Fortis Secur	M	.06	9-25	10-15
GSB Find	Q	.03	9-30	10-16
General Electric	Q	.30	9-30	10-26
Graco Inc	Q	.11	10-7	11-4
Idaho Power	Q	.465	10-26	11-20
Independnt Bk	Q	.10	9-25	10-9
LSB Bncshs NC	Q	.10	10-1	10-15
Prospect St Hi In	M	.100	9-23	9-30
Pvt Util Grw A	M	.115	9-21	9-30
Royal Bk Cda g	Q	.46	10-26	11-24
Storage USA	Q	.64	9-25	10-12
TIB Find	Q	.10	9-30	10-10
TJX Cos	Q	.03	11-12	12-3
Unicom Corp	Q	.40	9-30	11-1
Unitil Corp	Q	.34	10-30	11-13
Vestaur Secs	Q	.26	9-30	10-15

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

U.S. Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Sept. 11, 1998

	High	Low	Latest	Chge	OpInt
Grains					
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Sep 98	201	192½	195¾	-4¾	5,268
Dec 98	214	204½	207¾	-5¼	179,546
Mar 99	225¾	216	220½	-4¾	60,644
May 99	232¼	224½	227¾	-4¾	22,243
Jul 99	238½	230½	233¾	-4¾	30,023
Sep 99	240½	237½	240¼	-3½	4,956
Dec 99	253	245¾	249¾	-3½	12,403
Est. sales 70,000 Thu's sales 60,282					
Thu's open int 315,421, up 237					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Sep 98	131.70	129.50	131.30	-2.20	4,885
Oct 98	130.30	126.80	130.20	-0.60	25,138
Dec 98	133.50	129.00	132.80	-0.30	64,464
Jan 99	135.50	131.50	135.40	+0.30	14,599
Mar 99	139.50	135.50	139.40	+0.30	12,881
May 99	142.00	139.40	142.00	+0.50	6,823
Est. sales 28,000 Thu's sales 24,994					
Thu's open int 138,077, up 7,338					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Sep 98	25.18	24.21	25.16	+0.72	2,303
Oct 98	25.23	24.30	25.21	+0.70	25,965
Dec 98	25.55	24.51	25.49	+0.74	47,018
Jan 99	25.56	24.61	25.55	+0.73	9,181
Mar 99	25.60	24.60	25.59	+0.77	13,259
May 99	25.58	24.58	25.55	+0.70	5,787
Est. sales 36,000 Thu's sales 29,859					
Thu's open int 112,290, up 722					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Sep 98	528	516	527	+2	3,157
Nov 98	530	512½	529	+6½	89,634
Jan 99	540	522	539¾	+7¼	23,388
Mar 99	550½	534	549¾	+6¼	17,683
May 99	559	543½	558¾	+7¼	7,420
Est. sales 45,000 Thu's sales 37,889					
Thu's open int 154,431, up 257					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Sep 98	244½	242	243½	-4½	1,900
Dec 98	264	256½	258¾	-4¾	78,085
Mar 99	278	272	274	-4¾	24,581
May 99	286¾	282½	284	-5¼	4,654
Est. sales 16,000 Thu's sales 19,163					
Thu's open int 121,348, off 87					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Oct 98	61.32	60.30	61.32	+1.50	34,087
Dec 98	63.75	62.60	63.75	+1.50	28,362
Feb 99	64.00	62.75	63.82	+1.30	14,606
Apr 99	65.15	63.97	64.72	+0.95	6,932
Jun 99	62.65	51.80	62.37	+0.62	4,454
Aug 99	62.50	41.90	62.05	+0.55	946
Est. sales 13,536 Thu's sales 23,807					
Thu's open int 91,607, up 1,728					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Sep 98	68.10	66.90	68.05	+1.45	3,033
Oct 98	68.37	57.35	68.37	+1.50	6,354
Nov 98	69.60	68.55	69.60	+1.50	3,858
Jan 99	70.40	69.50	70.40	+1.50	1,805
Mar 99	70.35	69.50	70.35	+1.50	490
Apr 99	70.70	69.60	70.70	+1.50	370
Est. sales 1,204 Thu's sales 3,136					
Thu's open int 16,121, up 42					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Oct 98	40.25	38.75	38.82	+0.45	13,933
Dec 98	40.10	38.40	38.97	+0.70	11,546
Feb 99	45.07	43.35	43.75	+0.63	5,112
Apr 99	47.80	45.97	45.97	-0.45	1,468
Jun 99	55.70	54.30	54.82	-0.03	836
Est. sales 8,881 Thu's sales 8,855					
Thu's open int 33,838, up 524					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Feb 99	47.25	44.85	45.52	+0.97	2,757
Mar 99	47.50	45.00	46.20	+1.10	134
May 99	48.30	47.50	48.30	+0.40	14
Est. sales 2,226 Thu's sales 1,509					
Thu's open int 2,916, up 213					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Sep 98	1595	1550	1550	-35	890
Dec 98	1628	1577	1586	-35	35,302
Mar 99	1667	1622	1627	-36	18,406
May 99	1691	1651	1653	-36	6,018
Jul 99	1703	1677	1680	-36	1,806
Sep 99	1708	1706	1706	-36	1,667
Est. sales 10,293 Thu's sales 5,462					
Thu's open int 71,113, off 316					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Sep 98	117.90	110.50	110.95	-6.05	693
Dec 98	108.50	104.00	104.15	-4.85	14,452
Mar 99	106.50	103.25	103.40	-3.65	6,494
May 99	107.99	104.10	104.10	-3.90	2,956
Jul 99	109.20	105.00	105.00	-4.05	1,336
Est. sales 13,611 Thu's sales 10,270					
Thu's open int 27,638, up 641					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Oct 98	7.13	6.85	7.10	+0.10	45,697
Mar 99	7.69	7.42	7.69	+0.17	59,454
May 99	7.87	7.63	7.87	+0.13	9,460
Jul 99	7.98	7.79	7.98	+0.13	7,187
Est. sales 28,258 Thu's sales 28,289					
Thu's open int 158,770, off 2,149					

	High	Low	Latest	Chge	OpInt
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Nov 98	111.25	109.55	110.20	-1.35	14,498
Jan 99	114.25	112.40	112.20	-1.25	4,512
Mar 99	117.20	115.00	116.25	-1.20	2,749
May 99	119.50	117.75	119.50	-1.20	730
Est. sales N.A. Thu's sales 2,666					
Thu's open int 28,511, off 3					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Sep 98			293.90	+3.20	3
Oct 98	297.70	293.10	294.40	+3.00	10,805
Nov 98			295.50	+3.00	
Dec 98	300.20	293.20	296.80	+3.00	100,026
Feb 99	301.50	296.00	298.50	+3.00	15,549
Apr 99	302.50	299.20	300.20	+3.00	11,792
Jun 99	304.00	301.80	301.80	+3.00	15,435
Aug 99			303.50	+3.00	5,318
Oct 99			305.20	+3.00	527
Est. sales 75,000 Thu's sales 85,286					
Thu's open int 194,280, off 755					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Sep 98	77.30	74.50	76.85	-0.65	5,710
Oct 98	77.50	76.20	76.45	-0.65	2,004
Nov 98	76.95	76.00	76.55	-0.55	1,816
Dec 98	77.70	76.00	76.65	-0.60	29,532
Jan 99	77.10	76.85	76.85	-0.55	2,096
Feb 99			76.95	-0.55	1,124
Mar 99	77.80	77.50	77.10	-0.55	4,788
Apr 99			77.25	-0.55	1,094
May 99	78.00	77.30	77.40	-0.55	2,789
Est. sales 8,000 Thu's sales 7,447					
Thu's open int 60,929, off 117					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Sep 98	507.50	491.50	497.30	-2.20	197
Oct 98			499.00	-2.20	1
Nov 98			500.80	-2.30	
Dec 98	515.00	493.50	502.50	-2.50	53,862
Jan 99	509.50	504.40	504.40	-2.50	40
Mar 99	519.50	498.00	506.10	-2.70	8,995
May 99	508.00	505.00	508.00	-2.70	1,599
Jul 99			509.80	-2.70	2,574
Est. sales 21,000 Thu's sales 15,005					
Thu's open int 73,225, off 2,385					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Oct 98	368.50	362.10	366.30	+0.80	10,243
Jan 99	369.00	364.50	368.70	+1.50	1,304
Apr 99			369.10	+1.50	41
Jul 99			370.10	+1.50	10
Est. sales N.A. Thu's sales 1,710					
Thu's open int 11,406, up 509					

LONDON METALS (LME) Dollars per metric ton	Close		Previous	
Aluminum (High Grade)				
Spot	1346.00	1347.00	1346.00	1347.00
Forward	1371½	1372½	1371.50	1372.00
Copper Cathodes (High Grade)				
Spot	1673½	1674½	1675.00	1676.00
Forward	1695.00	1696.00	1697.00	1698.00
Lead				
Spot	513.00	515.00	526.00	527.00
Forward	538.00	539.50	538.00	539.00
Nickel				
Spot	3995.00	4005.00	4170.00	4180
Forward	4060.00	4065.00	4235.00	4240
Tin				
Spot	5570.00	5580.00	5530.00	5540.00
Forward	5420.00	5428.00	5390.00	5395.00
Zinc (Special High Grade)				
Spot	1013½	1014½	1014.00	1015.00
Forward	1036.00	1037.00	1037.50	1038.00

	High	Low	Close	Chge	Op Int
Financial					
US T BILLS (CMER) $1 million- pts of 100 pct.					
Sep 98	95.28	95.24	95.24	-0.11	3,192
Dec 98	95.89	95.71	95.72	-0.07	949
Mar 99	95.87	95.87	95.87	-0.10	101
Est. sales N.A. Thu's sales 394					
Thu's open int 4,344, up 7					
5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Sep 98	112-52	112-54	112-55	- 30	33,130
Dec 98	114-16	113-09	113-18	- 31	357,970
Est. sales 130,000 Thu's sales 142,712					
Thu's open int 391,101, up 2,165					
10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 98	119-23	118-09	118-14	- 19	93,207
Dec 98	119-30	118-14	118-19	- 20	489,790
Mar 99	120-02	118-25	118-25	- 30	5,438
Est. sales 225,000 Thu's sales 243,197					
Thu's open int 588,035, off 11,754					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Sep 98	130-04	128-10	128-19	- 27	81,643
Dec 98	129-29	128-03	128-13	- 28	740,915
Mar 99	129-12	127-30	128-02	- 29	67,764
Est. sales 880,000 Thu's sales 845,368					
Thu's open int 894,510, up 30,209					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Sep 98	114.05	113.91	113.91	—0.30	5,148
Dec 98	114.50	113.50	113.73	—0.23	155,452
Est. sales: 68,318. Prev. sales: 70,146					
Prev. open int.: 160,615 up 746					
GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct					
Dec 98	N.A.	N.A.	113.48	—0.04	5,414
Est. sales: n.a. Prev. sales: 75					
Prev. open int.: 5,414 up 21					

	High	Low	Latest	Chge	OpInt
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Sep 98	110.59	109.77	109.88	—0.02	54,604
Dec 98	110.10	109.38	109.43	—0.02	83,415
Est. sales: 234,766					
Open int.: 138,019 up 940					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Dec 98	N.A.	N.A.	110.98	—0.14	84,552
Est. sales: n.a. Prev. sales: 20,469					
Prev. open int.: 84,552 up 2,952					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Sep 98	94.46	94.42	94.42	-0.02	12,409
Oct 98	94.75	94.66	94.68	unch.	10,371
Nov 98	94.88	94.77	94.78	unch.	6,442
Est. sales N.A. Thu's sales 7,740					
Thu's open int 35,816, up 524					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Sep 98	94.56	94.49	94.50	-0.01	390,862
Oct 98	94.80	94.68	94.69	unch.	29,288
Nov 98	94.87	94.77	94.78	-0.02	7,942
Dec 98	94.99	94.83	94.84	-0.04	454,928
Jan 99			94.95	-0.06	2,030
Feb 99	94.96	94.96	94.96	-0.07	697
Mar 99	95.19	95.01	95.02	-0.08	469,977
Jun 99	95.23	95.04	95.05	-0.11	385,098
Sep 99	95.23	95.02	95.04	-0.12	316,490
Dec 99	95.11	94.90	94.91	-0.13	266,527
Mar 00	95.16	94.95	94.96	-0.14	217,243
Jun 00	95.09	94.88	94.90	-0.14	155,677
Est. sales N.A. Thu's sales 956,430					
Thu's open int 3,548,727, up 34,861					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Sep 98	1.6960	1.6710	1.6724	-.0166	24,762
Dec 98	1.6870	1.6626	1.6646	-.0166	52,381
Mar 99	1.6750	1.6570	1.6576	-.0166	12
Est. sales N.A. Thu's sales 24,658					
Thu's open int 79,363, up 5,411					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Sep 98	.6615	.6593	.6612	+0.0016	23,687
Dec 98	.6620	.6580	.6613	+0.0017	42,551
Mar 99	.6620	.6600	.6614	+0.0018	1,762
Est. sales N.A. Thu's sales 25,435					
Thu's open int 69,082, off 906					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Sep 98	.5951	.5898	.5900	-0.0022	56,082
Dec 98	.6018	.5924	.5921	-0.0022	122,667
Mar 99	.5999	.5954	.5954	-0.0022	152
Est. sales N.A. Thu's sales 77,298					
Thu's open int 179,030, up 28,386					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Sep 98	.7685	.7430	.7643	+.0204	69,807
Dec 98	.7875	.7534	.7744	+.0206	78,259
Mar 99	.7875	.7815	.7841	+.0205	2,056
Est. sales N.A. Thu's sales 44,857					
Thu's open int 150,800, up 3,923					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Sep 98	.7297	.7182	.7188	-0.0021	52,429
Dec 98	.7372	.7250	.7259	-0.0022	55,421
Mar 99	.7363	.7320	.7322	-0.0023	47
Est. sales N.A. Thu's sales 33,642					
Thu's open int 107,900, up 6,129					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Sep 98	.09540	.09350	.09455	-.00100	21,404
Dec 98	.08540	.08250	.08410	-.00010	18,671
Mar 99	.07850	.07680	.07710	-.00010	5,845
Est. sales N.A. Thu's sales 14,401					
Thu's open int 48,889, up 747					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Sep 98	92.600	92.520	92.570	+0.040	155,202
Dec 98	93.060	92.930	92.970	+0.020	192,863
Mar 99	93.420	93.260	93.320	+0.010	149,565
Jun 99	93.710	93.540	93.580	-0.005	152,530
Sep 99	93.870	93.690	93.720	-0.035	113,100
Dec 99	93.910	93.740	93.780	-0.030	128,551
Mar 00	94.030	93.840	93.890	-0.050	103,812
Jun 00	94.110	93.880	93.920	-0.070	87,383
Est. sales: 294,984. Prev. sales: 271,763					
Prev. open int.: 1,202,649 up 8,445					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Sep 98	96.545	96.525	96.525	Unch.	440,698
Oct 98	96.530	96.520	96.505	+0.015	15,248
Dec 98	96.535	96.470	96.485	+0.015	522,647
Mar 99	96.650	96.560	96.590	+0.010	508,981
Jun 99	96.690	96.540	96.570	-0.010	282,763
Sep 99	96.700	96.530	96.550	-0.020	228,758
Dec 99	96.615	96.440	96.445	-0.035	206,592
Mar 00	96.630	96.445	96.455	-0.035	190,396
Jun 00	96.540	96.340	96.345	-0.040	123,970
Sep 00	96.440	96.250	96.250	-0.035	83,199
Est. sales: 446,293. Prev. sales: 478,704					
Prev. open int.: 2,694,064 off 16,270					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Sep 98	96.50	96.49	96.49	+ 0.00	37,631
Dec 98	96.56	96.50	96.52	+ 0.02	91,043
Mar 99	96.63	96.55	96.57	+ 0.01	56,751
Jun 99	96.65	96.55	96.56	— 0.01	24,945
Sep 99	96.68	96.56	96.56	— 0.01	20,994
Dec 99	96.57	96.50	96.46	— 0.02	12,487
Mar 00	96.58	96.50	96.46	— 0.01	6,989
Jun 00	96.47	96.46	96.37	— 0.02	3,358
Est. sales: 22,129					
Open int.: 258,562 up 1,060					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Sep 98	95.060	95.020	95.030	—0.010	152,009

	High	Low	Latest	Chge	OpInt
Dec 98	96.340	96.250	96.270	—0.020	160,354
Mar 99	96.630	96.510	96.545	+0.005	269,472
Jun 99	96.650	96.530	96.540	Unch.	65,485
Sep 99	96.680	96.490	96.530	—0.010	41,380
Dec 99	96.590	96.410	96.420	—0.020	42,953
Est. sales: 79,611. Prev. sales: 74,970					
Prev. open int.: 788,953 off 2,372					
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Oct 98	74.40	73.00	73.10	+0.15	4,098
Dec 98	75.40	73.90	73.94	+0.16	35,358
Mar 99	74.50	73.10	73.22	unch.	19,073
May 99	74.50	72.60	73.07	-0.18	10,116
Jul 99	74.85	73.50	73.61	-0.19	6,498
Est. sales N.A. Thu's sales 4,793					
Thu's open int 83,764, off 24					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Oct 98	42.45	40.30	40.56	-0.28	40,051
Nov 98	43.35	41.25	41.55	-0.29	25,651
Dec 98	44.35	42.30	42.55	-0.34	24,577
Jan 99	45.15	43.50	43.50	-0.39	24,239
Feb 99	45.59	44.05	44.15	-0.44	17,778
Mar 99	45.80	44.25	44.25	-0.54	16,175
Apr 99	45.00	44.10	44.15	-0.64	6,890
Est. sales N.A. Thu's sales 51,045					
Thu's open int 184,718, up 3,771					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Oct 98	15.11	14.28	14.34	-0.33	87,590
Nov 98	15.27	14.50	14.56	-0.31	42,283
Dec 98	15.50	14.75	14.78	-0.30	74,709
Jan 99	15.65	14.98	15.00	-0.29	42,226
Feb 99	15.86	15.20	15.20	-0.28	20,309
Mar 99	15.82	15.35	15.36	-0.27	17,722
Est. sales N.A. Thu's sales 114,137					
Thu's open int 492,565, up 8,504					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Oct 98	1.970	1.860	1.878	-0.080	57,709
Nov 98	2.224	2.140	2.151	-0.046	32,617
Dec 98	2.448	2.370	2.388	-0.042	34,316
Jan 99	2.520	2.465	2.475	-0.030	32,153
Feb 99	2.440	2.385	2.390	-0.030	19,637
Mar 99	2.320	2.270	2.278	-0.022	17,670
Est. sales N.A. Thu's sales 102,012					
Thu's open int 285,524, up 2,660					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Oct 98	43.80	42.10	42.52	-0.33	37,780
Nov 98	44.40	42.65	43.13	-0.33	18,914
Dec 98	44.85	43.30	43.87	-0.33	9,314
Jan 99	44.87	44.60	43.67	-0.33	4,078
Feb 99	46.10	45.52	45.52	-0.33	1,889
Mar 99	47.10	46.37	46.37	-0.33	2,116
Apr 99			49.47	-0.33	4,250
May 99	51.50	49.50	50.12	-0.33	3,445
Est. sales N.A. Thu's sales 37,427					
Thu's open int 87,144, up 1,707					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Oct 98	130.00	124.25	125.00	+0.75	30,652
Nov 98	132.25	126.75	127.75	+1.00	19,578
Dec 98	134.25	129.25	130.25	+0.75	40,815
Jan 99	135.75	132.00	132.50	+0.25	16,148
Feb 99	138.00	134.50	134.50	Unch.	12,999
Mar 99	138.50	135.50	136.00	Unch.	7,640
Est. sales: 24,000. Prev. sales: 38,592					
Prev. open int.: 159,570 off 8,437					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Oct 98	13.74	12.92	12.93	—0.34	47,299
Nov 98	13.97	13.21	13.23	—0.24	49,290
Dec 98	14.20	13.50	13.54	—0.21	42,695
Jan 99	14.30	13.70	13.68	—0.22	33,614
Feb 99	14.40	13.86	13.83	—0.23	11,414
Mar 99	14.53	14.20	13.98	—0.23	12,331
Apr 99	14.74	14.25	14.13	—0.23	7,173
Est. sales: 95,000. Prev. sales: 68,577					
Prev. open int.: 253,113 up 3,320					
Stock Indexes					
SP COMP INDEX (CMER) 250 x index					
Sep 98	1012.00	967.10	1005.50	+36.10	234,716
Dec 98	1021.50	966.98	1017.00	+38.00	221,029
Mar 99	1030.00	996.00	1027.50	+38.70	6,038
Est. sales N.A. Thu's sales 339,416					
Thu's open int 464,579, up 21,937					
FTSE 100 (LIFFE) £25 per index point					
Sep 98	5122.0	5001.0	5123.0	—9.0	146,310
Dec 98	5203.0	5080.0	5194.5	—12.5	68,611
Mar 99	N.T	N.T	5240.0	—14.0	1,941
Est. sales: 81,106. Prev. sales: 68,436					
Prev. open int.: 236,862 up 8,008					
CAC 40 (MATIF) FF200 per index point					
Sep 98	3626.0	3500.5	3592.0	— 6.50	198,047
Oct 98	3595.5	3526.0	3601.5	— 7.50	4,178
Dec 98	3620.0	3540.0	3619.5	— 8.50	23,468
Mar 99	3574.5	3574.5	3648.0	— 7.50	27,678
Est. sales: 108,014					
Open int.: 288,256 up 1,005					

Commodity Indexes

	Close	Previous
Moody's	1,220.90	1,218.50
Reuters	1,483.30	1,496.20
D.J. Futures	121.95	122.21
CRB	N.A.	200.00

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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EU Rules on Mergers Speed Up Cumbersome Process

Bloomberg News

BRUSSELS — When Akzo Nobel NV said in April it would buy Courtaulds PLC to become the world's biggest paint maker, the European Union threatened to block the acquisition, charging it would give Akzo 80 percent of the European market for aircraft paints.

Uotil recently, the objections by the EU antitrust chief, Karel van Miert, would have meant five cumbersome months of scrutiny for the $3.8 billion acquisition. But Akzo got the go-ahead in just six weeks after paring the scope of the venture under a new rule that has created a fast track to EU merger approval.

As mergers and acquisitions proliferate — companies had unveiled mergers worth a record $1.73 trillion by August this year — the EU has moved to shorten the process by letting companies modify potentially market-dominating ventures as soon as regulators cry foul.

The fast-track rule "was an advantage, because both companies wanted to get on with the deal," said Derek Welch, Courtaulds' business development director. "When you're looking at a merger or takeover of that size, it's important that yoo get the thing moving as quickly as possible to remove uncertainty amongst everybody: your employees, customers, suppliers and your shareholders."

Before the rule was introduced in March, if regulators identified antitrust problems during their initial one-month review of a merger, they had to launch an "in-depth" probe lasting up to four more months. Now, by allowing companies to offer concessions at the start of the review, they can approve mergers after six weeks.

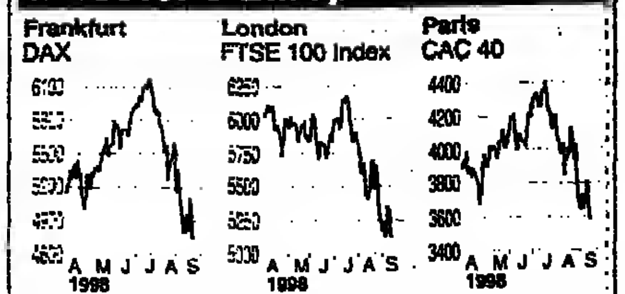
EU antitrust jurisdiction stretches well beyond Europe's borders. The European Commission can block the European operations of mergers that result in or strengthen a dominant position in EU markets, no matter where the companies are based. Any merger between companies with combined global sales of 5 billion European currency units ($5.7 billion) and EU sales of 250 million Ecus each falls under EU jurisdiction.

U.S. companies such as WorldCom Inc. and Boeing Co. have faced drawn-out EU investigations of their mega-mergers. Those full-blowo probes, though still an option, are becoming a rarity. Before the new rules took effect, about 1 in 10 merger cases faced a full-scale review. Since then, just 2 in about 140 cases filed with the commission have faced full probes, the commission said. So far, six mergers and acquisitions have won fast-track EU approval after companies offered early concessions. Akzo, Allianz AG, Thyssen AG and Exxon Corp. have been among the companies to benefit.

Allianz in May won EU clearance for its purchase of Assurances Generales de France SA, making it Europe's biggest insurer, after pledging to sell shares in one of its units. The German steelmakers Thyssen and Fried. Krupp AG Hoesch-Krupp in June got approval for their merger after Krupp agreed to give op its seat on the board of the Finnish escalator maker Kone Oy.

Investor's Europe

Frankfurt DAX — London FTSE 100 Index — Paris CAC 40



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	1,010.42	1,021.31	-1.07
Brussels	BEL-20	3,171.34	3,204.93	-1.05
Frankfurt	DAX	4,737.15	4,747.33	-0.21
Copenhagen	Stock Market	631.44	639.85	-1.31
Helsinki	HEX General	4,337.83	4,302.90	+0.81
Oslo	OBX	502.34	505.15	-0.56
London	FTSE 100	5,118.60	5,136.60	-0.35
Madrid	Stock Exchange	694.54	710.35	-2.23
Milan	MIBTEL	19206	19719	-2.60
Paris	CAC 40	3,578.34	3,589.35	-0.31
Stockholm	SX 16	3,482.48	3,505.39	-0.65
Vienna	ATX	1,152.29	1,166.11	-1.19
Zurich	SPI	4,093.85	4,105.77	-0.29

Source: Telekurs — International Herald Tribune

Demand for Oil Keeps Shrinking

Bloomberg News

PARIS — The International Energy Agency cut its forecast for 1998 oil demand for the fourth consecutive month, reflecting slowing economic growth in China and the countries that make up the former Soviet Union.

In its latest monthly report, the Paris-based agency cut 200,000 barrels of oil a day from its previous demand estimate and now predicts 1998 consumptioo of 74.5 million barrels a day.

World oil demand is expected to rise just 0.9 perceot this year, compared with 1997 growth of 2.8 percent, the agency said.

The figures painted a pessimistic picture for oil prices, which fell to their lowest level in a decade in Aogust, amid declining demand in Asia. The International Energy Agency said that oil inventories remain oear record levels and that the Organization of Petroleum Exporting Countries has not fully adhered to its promises to reduce supply.

Oil markets shrugged off the report. Benchmark Brent crude rose 24 cents a barrel, to $13.51, on concern that Iran could skirmish with the Taleban militia in Afghanistan and threaten world oil supply in the process.

JAPAN: *Stark and Dark Signs for the Recession Economy*

Continued from Page 1

omy and by the decline on Wall Street and in Brazil on Thursday. Stocks now stand at about where they did a dozen years ago.

The bond markets rallied, sending the yield on the benchmark 10-year Japanese government bond to a record low of 0.78 percent, just after having set a record Thursday. Japanese long-term bond yields are already the lowest long-term interest rates of any country in history.

In contrast, the yen strengthened, as investors sold the dollar over concerns about possible impeachment proceedings against President Bill Clinton. The yen was trading in New York at 130.795 against the dollar, from 134.40 at the close Thursday.

Friday, the main opposition party pulled out of talks oo the debt crisis, saying that it would not resume talks unless the government abandoned its plan to use taxpayers' money to bail out the Long-Term Credit Bank, one of the nation's largest and weakest institutions.

In an attempt to ease credit, the Bank of Japan, the nation's central bank, said Wednesday it would guide down to 0.25 perceot the overnight interest rate.

"Japan is skirting the edge of a deflationary spiral," said Mr. Sakaiya, head of the Economic Planning Agency.

The economic data Friday showed that domestic demand was weak, with consumer spending falling significantly, along with corporate investment. Deflation is spreading, with prices, profits and workers' pay all dropping. Companies are cutting back on production, investment spending and hiring, which in turn could lead consumption to fall further. This raises the risk that Japan descends into a deflationary spiral that will increasingly constrict demand at home.

Some economists cautioned, however, that even if Japan dipped into a deflationary spiral, it did oot oecessarily mean that Japan was doomed to an economic abyss.

"When we talk about a deflationary spiral, the sense is that once it's started, we're finished, sucked into a vortex and there's no way out," said Christopher Calderwood, chief economist at Jardine Fleming Securities (Asia) Ltd. "If we are there now, I don't think the economy will consume itself over the next two years."

Mr. Sakaiya said that he expected economic performance in the third quarter also to be weak and that a recovery might oot come for another two years. The government is oow carrying out a giant fiscal stimulus package worth 16.7 trillion yeo, and that money was to have started trickling through the economy last month. Mr. Sakaiya acknowledged, however, that the effects of the spending would not he felt until the fall. Some economists say it will be difficult to spend so much money so quickly, and others question whether all the money will actually be made available for spending.

A consensus is building among economists that the spending in 1998 is just barely above spending levels in 1997, when the economy was still growiog, and not nearly enough to lift Japan out of a recession.

"The implication for the market is that the Japanese ecooomy still hasn't bottomed out, fiscal policy is not working and Japan is on the road to fiscal ruin," said Andrew Shipley, an economist at Schroders Japan Ltd. "The economy is imploding. It's shrinking."

More surprising for some economists is that the data released Friday show that the core of the economy is weak. The amounts of money that Japanese consumers spent on food, clothes, and new homes, and the investment that companies put into oew plant and equipment declined in the second quarter by about 7 percent, according to Jeffrey Young, an economist at Salomoo Smith Barney in Tokyo.

Although gross domestic product, or GDP, did not decline this time as much as it did in the first quarter, when the economy cootracted by an annual 5.3 percent, the make-up of the economy troubles some economists.

"The emphatic point that I think the markets are going to have to deal with is that people know the economy is bad, but they simply have not come to grips with how bad," Mr. Young said. Separately, the ceotral bank noted in a key monthly report issued Friday that the stock market has been unstable since August, when Russia's economic crisis riled the global markets. That instability, it warned, drag down economic output even more.

"The real economic situatioo is worse than the figures might suggest," said Teizo Taya, a managing director and economist at Daiwa Institute of Research.

Heineken Net Climbs 28%

Compiled by Our Staff From Dispatches

AMSTERDAM — Heineken NV, the world's second-largest brewer, said Friday its first-half net rose 28 perceot, bolstered by the dollar's strength and by acquisitioos.

Profit for the six months ended June 30 rose to 418 million guilders ($218.8 million) from 326 million guilders in the year-earlier period. Heineken, second in size only to Anheuser-Busch Cos. of the United States, said sales rose 5 percent to 6.84 billion guilders.

"Today's profit figure was certainly above most forecasts, and they say they will keep the growth for the whole year," a dealer said.

"The higher dollar is rewarding to them," said Dick de Haan, an analyst at Gestion NV in Amsterdam. "The U.S. is important to Heinckeo as it's the No. 1 imported beer."

Heineken traced the improvement in its first-half performance to higher sales prices, a better prodoct mix and strict cost control.

The consolidation of a Polish brewer, Zywiec SA, is expected to make a positive contribution over the full year. The company is finally bearing the fruits of its 1996 acquisitions of two brewers, Birra Moretti SpA of Italy and Fischer Group of France.

(Bloomberg, Reuters)

Very briefly:

- Ukraine called on foreign investors to exchange Treasury bills for new two-year bonds that promise a dollar-linked yield of 22 percent, less than a third of the country's current Eurobond yields.
- The World Bank approved a $369 million loan to **Turkey** to aid in the cleanup from floods and earthquakes.
- **Telefonica SA**, Spain's largest telephone company, and **Caoal Plus SA**, Europe's No. 1 pay-TV company, presented the planned merger of their Spanish satellite-TV units to European Union regulators, the first step toward securing EU approval of the plan.
- **Diageo PLC**, the world's largest liquor company, will no longer distribute **Highland Distillers PLC**'s Famous Grouse whisky in the United States and Ireland. Highland's whisky will instead be distributed by **Remy Cointreau SA** as part of a new alliance between the Scottish and French companies.
- **ING Groep NV**, the largest Dutch financial-services company, reached agreement to buy **Clarion Partners LLC** of the United States, becoming the world's third-largest real estate asset manager. No financial details were given.
- **Havas SA**, France's largest media company, agreed to buy 100 percent of Spain's second-biggest publisher, **Grupo Anaya SA**, for an undisclosed sum as part of a strategy to expand its global reach.
- Spanish consumer prices rose 0.3 percent in August from July, a decline from last month's 10-month high of 0.4 percent, as rising prices during the tourism industry's peak month pushed the index higher. The monthly increase lifted the annual increase to 2.1 percent, in line with expectations.
- **Parallel Pictures Group PLC**, a British film company, is in talks to buy **Haodmade Films Ltd.**, a British company founded by the former Beatle George Harrison, from Canada's troubled **Paragoo Eotertainment Corp.** *Bloomberg*

WORLD STOCK MARKETS

Friday, Sept. 11
Daily prices in local currencies.
Telekurs

Amsterdam
AEX index: 1010.42 Previous: 1021.31
www.aex.nl

	High	Low	Close	Prev.
ABN-AMRO	39.30	36.00	36.00	38.80
Aegon	173.50	160.10	162.10	174.20
Ahold	58.80	55.70	57.80	58.10
Akzo Nobel	81.40	77.50	79.50	79.50
ASM Litho.	37.80	34.40	36.10	35.30
ASR Verz.	170.00	164.00	170.00	170.80
Baan Co.	57.70	54.50	57.50	56.10
Bols Wess cva	24.50	23.90	24.50	24.20
Buhrmann	42.00	37.70	41.30	39.60
Cap Gemini	144.00	137.00	143.30	140.50
CSM cva	98.90	97.50	98.90	100.00
Dordtsche Pet	86.90	81.60	86.90	83.30
DSM	169.90	162.50	169.00	167.80
Elsevier	27.80	26.60	27.40	27.40
Fortis Amev	121.30	116.20	116.20	120.90
Getronics	94.00	91.00	92.50	94.40
Hagemeyer	67.20	64.20	66.20	66.30
Heineken	89.50	79.40	89.40	80.50
Hoogovens cva	65.40	63.80	64.90	65.30
Hunt Douglas	77.40	74.50	75.00	75.50
IHC Caland	98.00	92.30	96.80	94.30
ING Group	106.00	99.20	102.50	102.90
KLM	61.90	59.70	60.50	61.50
KPN	64.90	60.60	62.80	63.00
Nedlloyd	29.30	28.30	29.30	29.50
Numico	64.90	62.00	64.00	63.50
Oce	68.50	64.40	66.30	67.40
Philips Elec	120.20	115.00	117.00	119.00
Polygram	109.70	106.60	109.10	108.10
Rendstad Hdg	112.00	102.60	108.10	108.10
Robeco	189.50	185.00	187.00	193.60
Rodamco	44.10	43.60	43.90	44.40
Rolinco	153.00	152.50	154.50	163.20
Rorento	126.50	124.20	126.50	125.90
Royal Dutch	94.60	89.70	93.80	89.10
TNT Post Group	47.80	44.00	47.40	46.50
Unilever cva	128.30	122.10	127.00	129.70
Vendex	70.50	73.90	74.70	75.80
VNU	80.80	77.00	79.20	80.50
Wolters Kl cva	353.50	338.00	350.00	345.00

Athens
Composite index: 2157.21 Previous: 2210.36
www.ase.gr

	High	Low	Close	Prev.
Commercial Bk	22800	21905	22750	22900
Ergo Bk	24480	23500	23900	24675
Hellenic Bottlg	7120	6850	6960	7200
Hellenic Telcom	6780	6400	6750	6858
Heracles Cemnt	7800	7550	7670	7815
Natl Bank	40700	39500	40100	41010
Titan Cement	18695	18000	18500	18850

Bangkok
SET index: 312.79 Previous: 318.91
www.set.or.th

	High	Low	Close	Prev.
Adv Info Svc	166.00	160.00	161.00	171.00
Bangkok Bk F	21.50	29.25	30.50	32.50
BEC World	147.00	139.00	147.00	139.00
Delta Electron.	212.00	197.00	210.00	196.00
Elec. Gener. F	73.00	70.00	71.00	72.00
Krung Thai Bk	6.20	5.70	6.00	5.90
PTT Explor F	276.00	272.00	274.00	276.00
Siam Cement F	300.00	288.00	290.00	314.00
Telecomasia F	7.40	7.40	7.40	7.50
Thai Airways	32.25	29.75	30.25	37.50
Thai Farm Bk F	18.75	17.75	18.25	10.50

Bombay
Sensex 30 index: 3082.56 Previous: 3108.67
www.bse-india.com

	High	Low	Close	Prev.
Bajaj Auto	635.00	625.25	632.00	633.25
Bharat Hvy El	251.90	243.00	251.30	248.10
Bharat Petm	271.50	266.10	268.50	272.90
Hindust Lever	1705.00	1675.00	1677.50	1689.25
Hindust Petm	334.00	210.00	332.00	318.75
Ind Dev Bk	55.10	54.15	54.25	55.20
ITC	671.00	664.00	670.00	674.25
Larsen Toubro	186.50	183.00	183.40	188.00
Mahanagar Tel	213.30	207.00	212.90	211.00
Reliance Ind	118.80	116.10	117.50	118.90
State Bk India	202.00	197.20	198.50	202.40
Tata Eng Loco	142.00	138.00	140.90	142.00

Brussels
BEL-20 index: 3171.34 Previous: 3204.93
www.stockexchange.be

	High	Low	Close	Prev.
Almanij	2800	2700	2745	2800
Cobepa	2335	2275	2335	2350
Delhaize Lion	3020	2940	2955	3040
Dexia Belgium	5600	5400	5430	5580
Electrabel	12500	12425	12475	12500
Electrafina	4150	4105	4150	4190
Fortis AG	9560	9180	9210	9600
GBL	6490	6150	6410	6260
Gen Banque	15200	15100	15100	15225
KBC Bancassur	2625	2480	2490	2600
Petrofina	12950	12500	12700	12900
Royale Belge	10500	10500	10500	10500
Soc Gen Belg	4100	4190	4100	4120
Solvay	2475	2415	2435	2450
Tractebel	6140	5930	6050	6000
UCB	199000	188000	198000	192700

Buenos Aires
Merval index: 301.73 Previous: 348.11
www.bcba.sba.com.ar
Thursday, Sept. 10

	High	Low	Close	Prev.
Banco Frances	4.83	4.73	4.80	5.39
Bco Galicia BA	2.35	2.20	2.23	2.57
Perez Companc	3.18	2.63	2.66	3.28
Renault Arg	1.16	1.06	1.06	1.25
Siderar A	1.86	1.68	1.68	1.97
Siderca	0.94	0.00	0.80	0.99
Telecom Arg B	4.28	4.00	4.00	4.53
Telefonica B	2.09	1.90	1.95	2.18
YPF D	20.35	19.23	19.45	21.40

Copenhagen
Stock index: 631.44 Previous: 639.85
www.xcse.dk

	High	Low	Close	Prev.
BG Bank	385	370	375	375.46
Carlsberg B	445	430	441.38	437
Danisco	430	416	423	425.20
Den Danske Bk	810	790	800	810
D/S Svendborg B	58500	57000	57000	57000
D/S 1912 B	41000	39000	40000	40000
Nvo Nordisk B	955	925	935	960
Radio B	1090	1035	1065	1090
Tele Danmk B	745	699.30	705	730
Unidanmark A	510	485	500.90	510

Frankfurt
DAX: 4737.15 Previous: 4747.38
www.exchange.de

	High	Low	Close	Prev.
AMB R	265.00	260.00	265.00	265.00
Adidas	192.00	181.00	182.00	186.20
Allianz	498.00	480.00	490.00	498.50
Altana	110.25	107.00	108.00	109.00
Audi	1590.00	1560.00	1560.00	1575.00
Axa Colonia	209.00	198.00	208.00	205.00
Bk Berlin	30.10	30.02	30.02	30.94
BASF	64.70	61.80	64.20	63.20
Bayer	64.30	62.20	64.00	64.00
Bay Hypo Verbk	122.00	112.00	121.00	119.50
Beiersdorf	102.00	94.50	101.00	100.10
Bewag	84.00	83.00	83.00	84.00
BHW Holding	28.50	27.70	28.50	28.90
BMW	1255.00	1200.00	1252.00	1227.00
Commerzbank	51.60	49.00	51.60	50.05
Daimler Benz	155.50	151.50	154.50	154.50
Degussa	82.50	79.10	80.20	80.00
Deutsche Bank	103.70	98.70	100.00	103.50
Deut Telekom	53.80	49.80	52.90	51.00
Dresdner Bank	72.50	68.10	68.80	70.20
Energie BW	72.00	72.00	72.00	72.00
Ergo Vers.	289.00	271.00	285.00	287.00
Fresenius	245.00	240.00	240.00	244.00
Fresenius Med	92.50	90.00	92.50	92.00
Fr. Krupp Hoes	264.00	253.00	253.00	259.50
Gehe	102.00	101.00	101.00	102.00
Heidelbg Zmt	135.00	131.00	134.50	132.00
Henkel pfd	151.00	143.90	144.50	146.50
Hoechst	69.00	65.25	68.80	67.90
Karstadt	778.00	761.00	763.00	779.00
Lahmeyer	84.00	82.50	84.00	83.50
Linde	1050.00	991.00	1045.00	1020.00
Lufthansa R	32.30	35.70	36.30	36.65
MAN	535.00	475.00	528.00	511.00
Mannesmann	168.00	159.50	163.00	168.00
Metallgesellschaft	30.00	28.70	29.80	29.30
Metro	100.00	96.40	99.50	98.40
Munch Rueck R	682.00	652.00	674.00	683.50
Preussag	614.00	580.00	595.00	583.00
RWE	89.40	83.50	89.40	86.60
RWE-DEA	480.00	480.00	480.00	485.00
SAP	925.00	860.00	905.00	917.00
Schering	181.00	175.00	178.00	177.50
Siemens	114.00	108.50	110.50	115.70
Springer (Axel)	1002.00	1000.00	1000.00	1020.00
Thyssen	339.50	326.50	327.20	334.00
Veba	94.50	90.25	94.30	91.90
VEW	520.00	520.00	520.00	520.00
Viag	1305.00	1215.00	1282.00	1260.00
Volkswagen	127.00	121.00	122.00	124.50
Wuertem. Vers.	2620.00	2620.00	2620.00	2620.00

Helsinki
HEX General index: 4337.83 Previous: 4302.90
www.hse.fi

	High	Low	Close	Prev.
Cultor 2	65.00	63.00	65.00	63.00
Enso R	42.00	40.50	41.00	42.00
Huhtamaki I	198.00	190.00	198.00	194.00
Merita A	25.50	24.50	24.70	25.30
Metra B	140.00	137.00	140.00	140.00
Nokia A	415.00	393.00	410.00	401.00
Orion-Yhtymae	123.00	116.00	120.00	117.00
Outokumpu	52.50	51.00	52.50	52.00
Pohjola Ins. B	200.00	194.50	200.00	202.00
Raisio V	59.00	54.80	54.90	58.00
Sampo Ins. A	178.00	170.00	174.00	179.00
UPM Kymmene	119.00	114.00	118.50	117.50

Hong Kong
Hang Seng: 7578.48 Previous: 7849.96
www.sehk.com.hk

	High	Low	Close	Prev.
Amoy Props	4.45	4.23	4.23	4.45
Bk East Asia	10.45	10.00	10.40	10.45
Beijing Ent.	8.15	7.00	8.05	8.20
Cathay Pacific	6.65	6.30	6.45	6.90
Cheung Kong	33.30	32.40	33.00	34.00
CK Infrastruct	15.40	14.00	14.75	15.05
China Merchant	4.10	3.95	3.98	4.10
China O'seas	0.85	0.81	0.82	0.86
China Resource	7.10	6.60	6.70	7.20
CLP Holdings	34.80	34.00	34.10	35.70
Citic Ka Wah Bk	2.45	2.28	2.33	2.48
Citic Pacific	10.70	10.25	10.50	11.20
Cosco Pacific	2.68	2.40	2.50	2.65
Dao Heng Bk	9.35	8.80	9.05	9.55
Hang Lung Dev	7.70	6.95	7.00	7.25
Hang Seng Bk	46.80	45.30	45.40	47.60
Henderson Inv	3.88	3.70	3.70	4.03
Henderson Ld	28.10	26.40	27.40	28.25
HK China Gas	8.80	8.60	8.65	9.05
HK Electric	24.65	23.90	24.45	24.95
HK Telecomm	14.90	14.55	14.70	15.20
HSBC Hdgs	152.50	149.50	151.50	155.50
Hutchison Wh	37.20	36.00	36.90	38.00
Hysan Dev.	5.70	5.50	5.55	5.85
Johnson El Hdg	15.00	15.00	15.00	15.00
Natl Mutual	3.70	3.35	3.60	3.75
New World Dev.	9.30	8.90	8.95	9.55
New World Infr.	6.00	5.65	5.70	4.10
Shanghai Ind.	14.25	13.70	13.85	14.35
Shangri-La Asia	5.15	4.88	4.95	5.20
SHK Props	25.50	24.80	25.45	26.20
Sino Land Co.	2.20	2.13	2.18	2.28
Swire Pac A	21.90	21.00	21.85	22.25
Wharf Hdgs	9.30	9.00	9.15	9.50
Wheelock	4.60	4.48	4.50	4.78
Yue Yuen Ind.	13.60	13.50	13.55	13.60

Istanbul
National 100 index: 2228.48 Previous: 2487.97
www.ise.org

	High	Low	Close	Prev.
Akbank	4700	4000	4160	4750
Anadolu Isuzu	10750	9750	10000	10750
Haci Omer Sab	3750	3400	3650	3750
KOC Holding	25000	22500	24500	26000
Tupras	24750	23000	24750	25000
Turk Hava	14500	15250	16250	14500
Turk Bankasi	7700	7050	7400	7700

Jakarta
Composite index: 334.64 Previous: 337.27
www.jsx.co.id

	High	Low	Close	Prev.
Astra Intl	475	450	475	475
Gudang Garm.	7775	7400	7650	7525
Indah Kiat	2150	2075	2075	2125
Indocement	3775	3700	3775	3750
Indofood	1550	1500	1525	1600
Indorama Syn	1500	1250	1350	1275
Indosat	7375	6975	7050	7375
Sampoerna HM	2375	2275	2375	2350
Semen Gresik	9800	7800	8400	8075
Telekomunikasi	2075	2000	2025	2150
Texmaco Perk	2975	2975	2975	2975
Timah	4600	4500	4575	4675

Johannesburg
All Market: 4694.42 Previous: 4852.71
www.jse.co.za

	High	Low	Close	Prev.
ABSA Group	19.00	17.80	17.00	19.45
AngloAm Corp	190.00	185.00	185.00	186.20
AngloAm Ind	77.00	75.00	76.00	80.00
AngloAm Plat	90.00	85.00	88.00	87.70
Barlow	22.00	19.95	20.00	22.50
Bidvest Grp	33.00	30.00	33.00	33.00
Billiton	12.50	12.00	12.00	12.30
BOE	3.54	3.40	3.45	3.65
Coronation H	50.50	47.00	47.00	54.00
De Beers	89.50	88.00	89.50	88.50
Dimension Data	19.70	18.55	18.90	20.10
Fedsure Hdgs	30.00	29.00	29.00	31.00
FirstRand	4.25	3.80	3.85	4.00
Genbel Sec	26.00	22.00	23.00	26.50
Imperial Hdgs	37.00	35.00	36.50	38.50
Investec Hdgs	130.00	122.00	125.00	132.00
Johnnies Indl	28.00	23.50	25.50	29.50
Liberty Hdgs	225.00	210.00	215.00	227.00
Liberty Life	91.00	85.00	85.10	91.30
LibLife Strat	8.30	7.30	7.35	8.80
Met Life	7.50	7.35	7.40	7.85
Minorco	65.00	64.00	64.00	63.80
Nampak	7.00	6.80	6.80	7.10
Nedcor	81.60	80.20	80.30	84.10
Persetel Q Data	38.75	36.25	36.70	39.00
Primedia Uts	16.05	15.00	15.50	16.20
Rembrandt Gp	33.50	32.00	33.00	33.75
Richemont	69.10	64.00	68.00	66.10
SA Breweries	83.50	76.00	77.00	84.00
Sasol	26.50	24.50	25.00	27.25
SBIC	12.50	10.25	10.50	12.65
Smith (C.G.)	10.60	10.00	10.15	10.90
Tiger Oats	42.00	38.80	39.50	42.45

Kuala Lumpur
Composite: 368.53 Previous: 380.20
www.klse.com.my

	High	Low	Close	Prev.
Berjaya Sports	3.16	2.98	3.06	3.20
Genting	7.15	6.00	7.05	7.15
Golden Hope	2.60	2.50	2.66	2.69
KL Kepong	4.52	4.32	4.52	4.42
Magnum	1.14	1.00	1.07	1.14
Mal Banking	4.10	3.86	3.98	4.08
Mal Intl Ship F	3.90	3.52	3.88	3.40
Petronas Gas	6.45	3.90	6.15	6.40
Public Bk F	1.02	0.97	1.01	1.01
Resorts World	3.72	3.52	3.64	3.78
RHB Capital	1.68	1.50	1.56	1.68
Rothmans PM	16.90	16.50	16.60	16.60
Sime Darby	2.48	2.15	2.24	2.44
Telekom Mal	6.25	5.85	6.05	6.10
Tenaga	3.68	3.46	3.52	3.68
YTL	3.30	3.14	3.26	3.24
YTL Power	2.48	2.21	2.40	2.21

London
FT-SE 100: 5118.60 Previous: 5136.60
www.stockex.co.uk

	High	Low	Close	Prev.
Abbey Natl	11.97	10.62	11.23	11.15
Alliance Leic	8.55	8.30	8.40	8.52
Allied Domecq	4.85	4.53	4.65	4.92
Allied Zurich	6.71	6.28	6.56	7.07
Amvescap	4.70	3.90	4.06	4.53
Anglian Water	9.13	8.80	9.04	9.01
ASDA Group	1.90	1.76	1.85	1.79
Assoc Br Foods	5.24	4.95	5.07	5.06
BAA	5.64	5.25	5.48	5.67
Bank Scotland	6.00	5.53	5.56	6.00
Barclays	11.70	10.58	11.20	11.81
Bass	8.51	7.86	8.25	8.47
BritAm Tobacco	4.67	4.46	4.54	4.90
BG	3.65	3.51	3.63	3.54
Billiton	1.17	1.13	1.16	1.20
Blue Circle	2.70	2.52	2.62	2.58
BOC Group	7.82	7.35	7.80	7.66
Boots	9.97	9.68	9.80	9.98
Brit Assur	12.48	12.30	12.36	12.40
Brit Aerosp	4.05	3.82	3.93	4.00
Brit Airways	4.25	3.67	3.88	4.20
Brit Energy	5.94	5.50	5.54	5.55
Brit Land	5.86	5.45	5.71	5.68
Brit Petm	8.07	7.70	7.96	8.84
Brit Steel	1.06	1.00	1.01	1.04
Brit Telecom	8.15	7.40	7.63	7.80
BSkyB	4.90	4.68	4.75	4.76
BTR	1.22	1.09	1.22	1.12
Burmah Castrol	9.50	9.05	9.20	9.22
Cable Wireless	5.73	5.17	5.30	5.95
CW Comms	4.40	4.31	4.34	4.49
Cadbury Schw	8.97	8.52	8.90	8.70
Carlton Comm	4.23	4.13	4.18	4.23
Centrica	1.09	0.99	1.08	1.09
CGU	8.79	8.00	8.27	8.65
Compass Group	5.88	5.40	5.65	5.60
Daily Mail A	21.02	20.60	20.52	21.41
Diageo	5.70	5.15	5.42	5.62
Dixons Group	5.98	5.75	5.91	5.90
EMAP	10.20	9.87	9.87	10.05
EMI Group	4.14	3.82	4.05	4.08
Enterprise Oil	3.40	3.24	3.34	3.32
Gallaher Group	4.23	4.05	4.17	4.10
GEC	4.71	4.45	4.48	4.64
GKN	6.89	6.55	6.77	6.80
Glaxo Wellcome	17.90	17.15	17.41	17.50
Granada Group	7.95	7.50	7.89	7.87
GRE	2.47	2.38	2.38	2.47
GUS	7.45	7.41	7.63	7.51
Halifax	7.40	6.80	7.25	7.16
Hays	8.79	7.55	8.15	8.37
HSBC Hdgs	11.53	11.06	11.30	11.60
HSBC Hdgs 75p	11.75	11.25	11.45	11.70
ICI	6.03	5.55	5.66	5.79
Impl Tobacco	5.43	5.15	5.38	5.17
Kingfisher	5.10	4.85	4.97	5.10
Ladbroke	2.32	2.30	2.34	2.38
Land Sec	9.00	8.70	8.83	8.87
Lasmo	1.60	1.58	1.54	1.52
Legal Genl Grp	6.50	6.04	6.43	6.49
Lloyds TSB Grp	7.00	6.27	6.52	6.85
LucasVarity	2.01	1.94	2.01	1.98
Marks Spencer	4.77	4.54	4.67	4.75
MEPC	4.78	4.65	4.66	4.78
Misys	25.13	24.00	24.09	24.60
National Grid	4.25	3.99	4.21	4.05
National Power	5.35	5.22	5.27	5.26
NatWest	9.50	8.81	9.12	9.49
Next	4.48	4.25	4.32	4.42
Northern Rock	5.02	4.87	4.90	5.02
Norwich Union	4.34	4.10	4.29	4.20
Nycomed Amer	3.95	3.40	3.51	3.73
Orange	6.40	5.84	6.05	6.06
P&O	6.75	6.37	6.43	6.71
Pearson	11.00	9.93	10.42	9.00
PowerGen	8.45	8.18	8.30	8.30
Provident Fin	9.30	8.51	8.68	8.60
Prudential	8.49	7.52	7.77	8.19
Railtrack Group	15.80	14.80	15.55	14.95
Rank Group	2.62	2.50	2.51	2.59
Reckitt Colman	9.30	8.55	9.15	9.18
Reed Intl	4.94	4.82	4.91	4.85
Rentokil Initial	3.33	3.18	3.27	3.40
Reuters Group	4.70	4.22	4.40	4.79
Rio Tinto R	6.23	5.85	5.90	5.99
RMC Group	7.30	7.05	7.07	7.30
Rolls Royce	2.02	1.98	1.99	1.90
Royal Bk Scot	8.08	7.67	7.78	8.13
Royal & Sun All	5.15	4.37	4.52	4.94
Safeway	3.21	3.05	3.14	3.19
Sainsbury	5.48	5.23	5.45	5.30
Schroders	10.45	9.00	9.75	10.40
Scot Newcastle	8.10	7.50	7.86	7.95
Scot Power	5.89	5.56	5.82	5.86
SEMA Group	5.70	5.02	5.15	5.00
Severn Trent	10.50	10.25	10.50	10.40
Shell Transp R	3.58	3.43	3.56	3.49
Siebe	2.14	1.97	2.01	2.07
SmithKline	6.92	6.67	6.80	6.89
Smiths Ind	7.45	7.20	7.40	7.25
Sthern Elec	6.17	6.00	6.17	6.09
Stand Charter	4.45	4.07	4.35	4.42
Sun Life Prov	5.25	4.85	5.09	5.07
Tate & Lyle	4.00	3.94	4.00	4.07
Tesco	1.71	1.52	1.67	1.70
Thames Water	11.15	10.80	11.13	11.00
3i Group	4.85	4.56	4.75	4.83
TI Group	4.38	4.00	4.15	4.33
Tomkins	2.35	2.15	2.32	2.28
Unilever	5.42	5.11	5.35	5.51
Utd News	5.93	5.68	5.80	5.90
Utd Utilities	8.78	8.55	8.78	8.69
Vodafone	8.25	7.50	7.61	7.70
Whitbread	8.95	7.97	8.21	8.11
Williams Hdgs	3.32	3.16	3.18	3.20
Wolseley	2.93	2.76	2.90	2.88
Woolwich	3.37	3.23	3.30	3.29
WPP Group	3.24	2.90	3.15	3.14
Zeneca	22.50	21.70	22.39	22.85

Madrid
Bolsa index: 694.54 Previous: 710.35
www.bolsamadrid.es

	High	Low	Close	Prev.
ACESA	2310	2180	2300	2185
Aguas Barcelon	7500	7000	7350	7380
Argentaria	2760	2480	2610	2750
BBV	1610	1490	1545	1645
Banesto	1895	1790	1885	1880
Bankinter	4700	4310	4650	4645
Bco Central Hisp	1385	1260	1275	1350
Bco Popular	10280	9840	9930	10240
Bco Santander	2290	2085	2175	2295
Catalana Occid	3800	3600	3750	3750
CEPSA	4670	4450	4550	4520
Continente	4290	3810	4140	4150
Corp Mapfre	3400	3000	2100	3285
Endesa	3225	3040	3210	3120
FECSA	1440	1340	1415	1430
Fom Constr	4100	5500	5850	6070
Gas Natural	10350	9800	10150	9990
Grupo Acciona	32490	31900	32000	33500
Iberdrola	2400	2325	2400	2370
Pryca	3300	2840	3080	3040
Repsol	6730	6500	6680	6680
Sevillana Elec	1750	1585	1725	1645
Tabacalera	3490	3275	3490	3360
Telefonica	5020	4505	4725	5100
Union Fenosa	2000	1875	1990	1935
Valenc Cement	3150	3075	3075	3125

Manila
PSE index: 1082.18 Previous: 1108.17
www.pse.com.ph

	High	Low	Close	Prev.
Ayala	4.60	4.25	4.25	4.65
Ayala Land	4.75	4.40	4.40	4.85
Bk Philip Isl	63.50	55.00	56.00	62.50
Manila Elec A	58.00	57.50	58.00	57.50
Manila Elec B	70.50	69.50	70.00	70.00
Metro Bank	136.00	127.00	135.00	138.00
Petron	2.60	2.60	2.60	2.60
Phil Long Dist	735.00	715.00	720.00	735.00
San Miguel A	37.00	36.00	37.00	36.50
San Miguel B	41.50	39.50	41.00	40.00
SM Prime Hdg	5.00	4.55	4.85	4.80

Mexico
Bolsa index: 2983.98 Previous: 2856.10
www.bmv.com.mx

	High	Low	Close	Prev.
Alfa A	22.40	20.50	20.70	21.60
Banacci B	4.70	5.60	5.60	6.60
Bancomer B	1.16	0.93	1.01	1.10
Bimbo A	13.60	12.76	13.02	12.98
Carso A1	21.70	20.30	21.30	20.50
Carso Gl Tel A1	18.00	17.00	17.30	17.60
Cemex CPO	17.30	16.10	16.60	16.98
Cifra C	11.20	10.40	10.58	10.70
Inbursa B	14.00	13.50	14.00	14.00
KimClark Mex A	71.00	18.60	19.00	20.60
Televisa CPO	90.00	01.50	90.00	81.00
TelMex L	19.00	17.78	18.40	17.76

Late trading

Milan
MIB Telematico: 19206.00 Previous: 19719.00
www.borsaitalia.it

	High	Low	Close	Prev.
Alleanza Assic	21950	19550	20000	21150
Bca Comm Ital	8940	8360	8550	9160
Bca Fideuram	8530	7860	8100	8400
Bca Intesa	7140	6640	6735	7010
Bca Pop Verona	159000	148000	150000	157500
Bca di Roma	2685	2400	2500	2665
Benetton	2760	2560	2710	2710
Compart	1159	1070	1084	1155
Credito Italiano	7080	6600	6880	7090
Edison	15405	14800	15605	15250
ENI	10240	9700	10100	9880
Fiat	5070	4700	4955	5060
Fondiaria Assic	7555	6920	7035	7460
Generali Assic	56100	53200	53500	55400
IFIL rnc	3720	3505	3580	3610
IMI	20600	18850	19500	20950
INA	3930	3680	3860	3900
Italgas	7945	7275	7840	7510
Mediaset	10650	10230	10590	10535
Mediobanca	16390	15360	15900	16170
Montedison	1649	1585	1610	1660
Olivetti	3800	3550	3705	3670
Parmalat	2400	2230	2285	2400
Pirelli	4955	4640	4850	4870
RAS	18900	18115	18725	19000
Rolo Banca	35500	33900	35500	36050
S Paolo Torino	20000	18150	18650	20100
Telecom Italia	12785	11825	12375	12690
TIM	11190	10500	10510	11215

Montreal
Industrials index: 3320.99 Previous: 3371.53
www.me.org

	High	Low	Close	Prev.
BCE Mob Com	37.35	37.00	32.10	37.90
Biochem Pharm	30.80	28.90	29.80	29.30
Cdn Util A	70.00	38.80	38.95	38.85
CT Finl Svc	49.75	49.50	49.75	49.50
Gt-West Lifeco	43.00	42.25	43.00	43.50
Imasco	26.25	26.00	26.20	26.45
Investors Grp	19.40	19.40	19.40	19.60
Loblaw Cos	32.50	21.75	32.50	21.80
Natl Bk Canada	21.10	20.15	20.95	20.65
Power Corp	28.50	28.10	28.35	28.20
Power Finl	28.40	28.30	28.40	28.40

Late trading

Oslo
OBX index: 502.34 Previous: 505.15
www.ose.no

	High	Low	Close	Prev.
Aker A	91.50	90.00	91.50	93.00
Aker Maritime	102.00	00.00	101.00	99.00
Bergesen Dy A	109.00	102.00	109.00	103.50
Christiania Bk	26.50	24.70	25.30	26.30
Den norske Bk	27.70	26.30	26.40	27.60
Kvaerner	128.00	120.00	125.00	130.00
Netcom	195.00	190.00	195.00	199.00
Norsk Hydro	295.50	286.00	295.00	287.00
Norske Skog A	200.00	198.90	200.00	200.00
Nycomed Amer	47.50	46.00	46.50	48.00
Orkla A	115.00	110.00	114.00	113.50
Petm GeoSvc	127.00	120.00	122.50	122.50
Saga Petm A	82.00	80.00	81.00	79.50
Schibsted	89.00	85.50	86.00	89.00
Storebrand	51.00	49.00	49.80	50.00

Paris
CAC-40: 3578.34 Previous: 3589.35
www.bourse-de-paris.fr

	High	Low	Close	Prev.
Accor	1306	1260	1280	1313
AGF	313	307	312	309.50
Air Liquide	819	780	815	795
Alcatel Alsth	1007	958	993	960
Alstom	134	125.50	127.80	136
Axa	603	552	554	581
BIC	309.90	300	300	310
BNP	339	313	325	337.80
Bouygues	1128	1086	1092	1136
Canal Plus	1315	1261	1273	1299
Cap Gemini	947	885	899	937
Carrefour	3499	3315	3332	3499
Casino	568	554	568	559
CCF	397	354	371	385.90
Christian Dior	510	494	501	504
Danone	1600	1542	1600	1572
Dassault Sys	225	198	222	203
Dexia France	789	755	770	792
Elf-Aquitaine	650	623	680	620
Eridania BS	1165	1092	1165	1115
Essilor Intl	2300	3161	2300	2280
Eurodisney	9	8.50	9	9
Eurotunnel	5.40	5.10	5.10	5.35
France Telecom	439	412	438	424
Lafarge	488.50	465	480	472
Lagardere	218.40	206	218.40	214
Legrand	1354	1295	1308	1322
L'Oreal	3280	3105	3190	3299
LVMH	878	850	855	870
Michelin B	265	245	263	257.80
Paribas A	428	380.20	395.20	420
Pechiney A	170	160.40	162	167
Pernod Ricard	398	383.20	385	399.10
Peugeot Cit	1005	972	980	988
Pinault-Print	989	915	951	965
Promodes	3595	3380	3380	3711
Renault	266.10	250	266.10	264.50
Rexel	478	431.20	457	474
Rh-Poulenc A	270	252	260.00	271.50
Sanofi	764	732	747	735
Schneider	313	302	305	305.10
STMicroelec	350.40	319.20	336	319
Ste Generale A	848	757	777	841
Sodexho Allianc	1129	1091	1120	1110
St Gobain	869	827	834	859
Suez Lyon Eaux	1012	986	1000	1009
Synthelabo	1025	968	1025	965
Thomson CSF	207	195.50	207	200
Total B	631	591	628	597
Usinor	58.90	55.55	55.60	57.85
Valeo	470.50	441	463.30	450
Vivendi	1251	1208	1230	1236

Prague
PX 50 index: 375.90 Previous: 379.20
www.pse.cz

	High	Low	Close	Prev.
Ceska Sporitelna	172.10	155.72	160.50	156.11
CEZ	640	600	612.70	614.20
Cesk Plavba	N.T.	N.T.	N.T.	50
Cokoladovny	5650	5650	5650	5650
Komercni Banka	705	679	692.20	690.20
SPT Telecom	385	365	372.20	376.30
Unipetrol	67	64.40	66.54	65.76

São Paulo
Bovespa index: 5260.17 Previous: 4768.57
www.bovespa.com.br

	High	Low	Close	Prev.
Bco Brasil Pfd	8.85	8.00	8.40	8.20
Bradesco Pfd	5.29	4.70	5.19	4.75
Brahma Pfd	420.00	395.00	410.00	399.99
Cemig Pfd	15.80	13.20	15.60	14.01
CESP Pfd	14.40	13.00	14.40	13.50
Copel Pfd B	4.29	3.90	4.13	3.90
Eletrobras	17.90	14.50	17.90	15.00
Eletropaulo Pfd	38.00	33.00	34.85	38.00
Gerdau Pfd	8.99	8.49	8.50	8.60
Itaubanco Pfd	410.00	392.00	395.00	396.00
Light Servicos	176.01	150.00	165.00	175.00
Petrobras Pfd	109.01	90.00	109.00	98.00
SABESP	51.00	40.00	42.20	45.50
Telebras Pfd	65.00	54.50	65.00	58.20
Telerj Pfd	36.30	32.00	36.00	31.50
Telesp Pfd	128.00	108.00	128.00	110.00
CVRD Pfd	16.30	16.30	16.30	15.00

Late trading

Seoul
Composite index: 320.41 Previous: 338.95
www.kse.or.kr

	High	Low	Close	Prev.
Daewoo Heavy	5170	4950	4960	5250
Hyundai Elec.	21000	30100	30100	34150
Kookmin Bank	4030	3810	3820	4160
Korea El Pwr	19300	18400	18400	20900
LG Electronics	11800	11350	11400	12300
LG Semicon	10100	9720	9800	10200
Pohang Iron St	47500	46200	46250	48000
Samsung Display	34400	33000	33500	34700
Samsung Elec	44400	42500	42500	45500
Samsung Fire	253000	248000	249000	243500
Shinhan Bank	3280	2100	3100	3300
SK Telecom	455000	445000	445000	460000

Shenzhen
B shares index: 42.80 Previous: 43.39

	High	Low	Close	Prev.
Bengang Steel	1.01	0.97	0.99	1.01
China Intl Marin	3.82	3.73	3.78	3.83
Guangdg El Pwr	2.65	2.52	2.53	2.60
Konka Group	4.89	4.22	4.83	4.45
Shandg Chenm	2.58	2.47	2.57	2.58
SZ Fangda	5.80	5.58	5.59	5.69
Shenzhen Seg	1.92	1.80	1.88	1.94
Tsann Kuen	1.38	1.33	1.37	1.38

B shares only, quoted in Hong Kong dollars.

Singapore
Straits Times: 853.19 Previous: 865.00
www.ses.com.sg

	High	Low	Close	Prev.
City Devlts	2.00	2.84	2.00	2.93
Cycle Carriage	2.28	2.20	2.22	2.28
Dairy Farm Int *	1.12	1.06	1.12	1.12
DBS foreign	5.15	5.00	5.05	5.15
DBS Land	1.15	1.01	1.03	1.07
Fraser & Neave	3.02	2.98	3.00	3.02
HK Land *	0.98	0.86	0.88	1.90
Jard Mathesn *	2.00	1.95	1.98	2.00
Jard Strategic *	1.13	1.11	1.11	1.11
Keppel Corp.	1.51	1.43	1.44	1.51
OCBC foreign	4.08	3.88	4.00	4.14
OS Union Bk F	2.03	1.98	2.00	2.01
Sing Air foreign	7.75	7.20	7.20	7.65
Sing Land	2.18	2.10	2.12	2.11
Sing Press	13.30	12.30	13.30	12.00
Sing Tech Eng	1.55	1.48	1.52	1.56
Sing Tech Ind	1.36	1.37	1.34	1.41
Sing Telecomm	2.80	2.72	2.78	2.78
Utd O'Sea Bk F	4.06	3.94	4.02	3.98

*: in U.S. dollars.

Stockholm
SX 16 index: 3482.48 Previous: 3505.39
www.xsse.se

	High	Low	Close	Prev.
AGA B	114.50	107.00	109.00	111.00
ABB A	88.00	83.50	84.00	88.00
ABB B	87.00	85.00	83.50	86.50
AssiDoman	174.00	171.00	174.00	174.00
Astra A	129.50	123.50	170.50	127.00
Astra B	124.50	119.00	124.50	123.00
Atlas Copco A	188.50	170.50	176.50	182.00
Electrolux B	171.00	114.50	130.00	119.00
Ericsson B	182.00	128.00	178.50	178.50
Forenings Spar	197.00	184.00	100.00	192.50
Hennes B	589.00	577.00	589.00	585.00
Incentive A	83.50	01.50	03.50	83.00
Investor B	351.00	331.50	340.00	351.50
NetCom Sys	296.50	282.50	288.00	293.00
Nordbanken Hdg	43.50	41.00	42.20	43.40
Pharm/Upjohn	369.00	342.50	357.50	355.00
Sandvik B	175.00	162.00	165.50	171.50
Scania B	171.00	161.00	166.00	171.50
SCA B	170.00	158.00	161.50	168.50
S-E Banken A	89.50	81.00	86.50	89.50
Skandia Fors	102.00	94.50	97.50	99.00
Skanska B	339.00	318.00	325.00	329.00
Stora A	92.50	88.50	00.00	90.00
Sv Handels A	313.00	295.50	306.00	310.50
Volvo B	211.50	197.00	200.00	210.00

Sydney
All Ordinaries: 2448.30 Previous: 2526.30
www.asx.com.au

	High	Low	Close	Prev.
Amcor	5.80	5.72	5.72	5.00
AMP	20.88	20.60	20.60	20.95
ANZ Bkng	8.55	8.40	8.45	8.63
Aust. Gas Light	10.84	10.53	10.55	10.95
BHP	12.36	12.14	12.16	12.44
Boral	2.40	2.36	2.39	2.42
Brambles Ind.	33.75	32.40	32.64	33.80
CBA	19.65	18.95	19.03	19.00
CC Amatil	4.43	4.48	4.51	4.70
Coles Myer	6.86	6.60	6.69	6.87
Colonial	4.94	4.81	4.84	4.97
Comalco	6.00	5.95	5.95	6.05
CSR	3.38	3.16	3.20	3.39
Fosters Brew	3.74	3.40	3.42	3.65
Gen. Prop. Tr.	2.69	2.60	2.65	2.71
Lend Lease	33.90	33.30	33.35	34.05
Nat Aust Bank	20.90	19.95	19.95	21.15
Nat Mutual Hdg	3.37	3.30	3.30	3.38
News Corp	10.24	10.00	10.09	10.32
Pioneer Intl	3.22	3.15	3.15	3.22
Pub Broadcast	6.05	5.84	5.95	6.10
Rio Tinto	18.20	17.54	17.58	18.24
St George Bank	10.47	10.21	10.35	10.77
Southcorp	4.50	4.35	4.40	4.55
Telstra	4.44	4.35	4.36	4.43
WMC	4.86	4.75	4.75	4.83
Westfield Trust	3.22	3.16	3.17	3.25
Westpac Bkng	8.99	8.72	8.78	9.06
Woodside Pet	8.04	7.95	8.02	8.05
Woolworths	5.45	5.40	5.40	5.47

Taipei
Stock Market index: 6841.82 Previous: 6803.83
www.tse.com.tw

	High	Low	Close	Prev.
Acer	32.50	30.40	32.40	31.60
Adv. Semi	50.50	49.00	50.50	51.00
Asustek Comp.	239.00	232.00	236.00	242.00
Cathay Life Ins.	97.00	94.00	95.50	95.50
Chang Hwa Bk	54.00	51.50	53.50	52.50
China Devlpmt	61.50	60.00	61.00	61.00
China Steel	20.80	20.00	20.70	20.40
First Comm. Bk	51.50	49.50	51.00	50.50
Formosa Plastic	43.80	70.80	43.60	41.00
Hon Hai Prec.	159.00	152.00	155.00	158.00
Hua Nan Bk	53.50	51.00	53.00	51.50
Intl Comm. Bk	36.60	35.80	35.80	36.10
Nan Ya Plastics	36.50	33.60	36.50	34.70
Shin Kong Life	51.00	49.00	49.00	49.50
Taiwan Semi	63.50	61.00	62.50	64.00
Utd Micro Elec.	33.60	32.20	33.50	33.60
Utd World Chin.	31.50	30.50	21.20	31.10

Market Closed

The stock market in Tel Aviv is closed oo Fridays.

Tokyo
Nikkei 225: 13916.98 Previous: 14466.03
www.tse.or.jp

	High	Low	Close	Prev.
Acom	7000	6810	6850	6960
Advantest	5720	5600	5700	5810
Ajinomoto	1139	1061	1070	1190
All Nippon Air	483	466	467	480
Asahi Bank	432	414	423	441
Asahi Brew	1670	1623	1636	1619
Asahi Chem	426	410	418	439
Asahi Glass	717	680	684	718
Bk Tokyo Mitsu	1070	1005	1020	1067
Bridgestone	3060	2940	2990	3170
Canon	2780	2690	2710	2865
Cent. Japan Ry	5990a	5940a	5940a	5970a
Chubu Elec	2140	2100	2110	7150
Chugoku Elec	2170	2080	2095	2110
Dai Nippn Print	1939	1800	1851	1985
Dai-Ichi Kang	620	586	594	635
Daiwa House	1200	1135	1170	1234
Daiwa Sec	410	390	405	410
DDI	3430a	3220a	3430a	3210a
Denso	2225	2100	2160	2215
East Japan Ry	6990a	6830a	6990a	7050a
Ebara	1780	1730	1775	1752
Fanuc	3980	3780	3900	4150
Fuji Bank	340	328	336	333
Fuji Photo	4920	4630	4720	4970
Fuji TV Netwk	5500a	5210a	5280a	5210a
Fujitsu	1215	1176	1197	1221
Hachijuni Bk	1129	1060	1062	1129
Hitachi	609	590	600	619
Honda Motor	4830	4640	4650	4880
IBJ	550	515	530	550
Ito-Yokado	6460	6400	6440	6450
JAL	362	342	345	348
Japan Tobacco	9670a	9590a	9660a	9640a
Jusco	2030	1960	1990	2055
Kansai Elec	2440	2415	2425	2435
Kao	2210	2130	2180	2235
Kawa Steel	175	166	171	180
Keyence	13240	12810	13050	13600
Kinki Nipp Ry	603	599	602	603
Kirin Brewery	1113	1097	1097	1114
Komatsu	653	588	625	653
Kyocera	6050	5950	5950	6000
Kyushu Elec	2150	2110	2120	2120
LTCB	51	49	49	52
Marui	2190	1968	2040	2135
Matsu Comm	4830	4740	4770	4820
Matsu Elec Ind	2020	1980	1985	2035
Matsu Elec Wk	1050	1010	1016	1060
Matsu-Kotobuki	3280	3200	3230	3310
Minebea	1238	1198	1210	1295
Mitsubishi	749	712	748	760
Mitsubishi El	266	238	245	271
Mitsubishi Est	1035	980	999	1056
Mitsubishi Hvy	485	472	480	491
Mitsubishi Tr	720	685	710	738
Mitsui	680	645	659	694
Mitsui Marine	587	571	560	600
Mitsui Fudosn	889	852	866	909
Murata Mfg	4500	4410	4410	4530
NEC	920	886	893	928
Nichiei	9100	8650	8650	8800
Nikko Sec	379	353	363	388
Nintendo	11940	11550	11730	12170
Nippon Express	661	611	640	473
Nippon Oil	377	347	356	382
Nippon Paper	435	405	424	457
Nippon Steel	217	203	205	230
Nissan Motor	421	405	405	416
Nomura Sec	1237	1151	1205	1275
NTT	1080b	1040b	1070b	1070b
NTT Data	5180a	4970a	5010a	5180a
Oji Paper	496	471	479	501
Omron	1458	1410	1420	1496
Oriental Land	4940	4640	4770	4840
Orix	8790	8620	8700	8990
Osaka Gas	360	353	358	360
Promise	5950	5830	5850	6110
Ricoh	1220	1187	1220	1266
Rohm	12410	12000	12050	12930
Sakura Bk	246	234	236	254
Sankyo	3220	3060	2150	3230
Sanwa Bank	895	852	888	909
Sanyo Elec	393	350	360	395
Secom	8250	8140	8200	8290
Seibu Rwy	4270	3920	4050	4220
Sekisui House	1030	980	1014	1057
Seven-Eleven	8190	8010	8100	8100
Sharp	857	830	839	887
Shin-etsu Ch	2185	2075	2090	2185
Shiseido	1270	1250	1231	1300
Shizuoka Bk	1389	1351	1357	1392
SMC	9680	9400	9410	9790
Softbank	6080	5660	5770	6100
Sony	10150	9790	9800	10480
Sony Music Ent	4850	4780	4790	4880
Sumitomo	602	574	585	621
Sumitomo Bk	1091	1043	1080	1110
Sumit Chem	413	390	409	409
Sumit Elec	1297	1356	1257	1285
Sumit Marine	690	665	680	699
Sumit Metal	157	151	157	161
Sumit Trust	368	355	340	380
Suzuki Motor	1290	1218	1229	1290
Taisho Pharm	2700	2620	2645	2725
Takeda Chem	3760	3630	3680	3780
Takefuji	6250	6150	6180	6300
TDK	9690	9550	9620	9800
Tohoku El Pwr	2040	2015	2025	2030
Tokai Bank	590	550	557	580
Tokio Marine	1130	1103	1139	1100
Tokyo El Pwr	2730	2685	2715	2725
Tokyo Electron	2130	3080	3100	3180
Tokyo Gas	289	284	287	287
Tokyu Corp.	317	313	314	320
Toppan Print	1400	1356	1373	1460
Toray Ind	577	545	547	592
Toshiba	457	430	437	470
Toyo Trust	450	435	441	478
Toyoda Loom	2335	2260	2300	2340
Toyota Motor	2980	2785	2840	3040
West Japan Ry	5500a	5350a	5350a	5470a
Yamanouchi	3060	3000	3050	3080
Yamato Transp.	1495	1470	1482	1500
Yasuda Fire	570	511	530	575

a: x 100; b: x 1,000

Toronto
TSE Industrials: 5784.65 Previous: 5796.77
www.tse.com

	High	Low	Close	Prev.
Abitibi Cons.	14.00	13.55	13.85	14.00
Alberta Energy	33.00	31.55	32.80	31.95
Alcan Alum	34.20	33.50	34.00	33.65
Ballard Pwr Sys	70.75	28.50	29.45	29.00
Bk Montreal	59.10	57.60	59.10	58.75
Bk Nova Scotia	27.00	26.10	26.65	27.00
Barrick Gold	28.95	26.85	27.15	27.40
BCE	50.75	49.40	50.60	50.90
BC Telecomm	37.25	36.10	37.00	37.25
Bombardier B	18.60	18.20	18.45	18.70
CIBC	21.15	29.55	21.10	30.90
Cdn Natl Rail	66.20	63.50	63.00	66.30
Cdn Nat Res	22.15	21.15	21.95	21.25
Cdn Occid Pet	23.50	22.75	23.35	23.00
Cdn Pacific	32.65	32.05	32.05	32.73
Du Pont Cda A	37.50	36.00	36.00	36.10
EdperBrascan	20.10	19.60	20.10	19.85
Fairfax Finl	460.00	450.90	460.00	450.00
Falconbridge	15.25	14.70	15.00	15.15
Geac Computer	30.85	30.40	30.00	30.90
Imperial Oil	22.50	22.10	22.40	22.35
Inco	15.20	15.00	15.20	15.00
IPL Energy	62.80	62.40	62.60	62.50
Laidlaw	13.85	13.50	13.70	13.50
Magna Intl A	90.00	88.55	89.30	89.20
Newbridge Net	31.20	30.00	21.10	30.75
Newcourt Credit	46.80	45.00	45.70	46.00
Noranda Inc	20.65	20.20	20.40	20.50
Nthern Telecom	73.35	69.00	70.55	73.00
Nova	21.75	21.00	21.65	21.70
Pancdn Petm	21.45	20.90	21.45	21.50
Petro Cda	18.85	17.70	18.40	17.60
Placer Dome	19.35	18.50	18.75	18.10
Potash Sask	80.40	79.75	79.85	80.40
Renaissance	19.10	18.75	18.90	19.20
Royal Bk Cda	63.00	61.05	63.00	62.50
Royal Grp Tech	30.30	30.00	30.10	30.20
Seagram Co	48.00	46.00	48.00	47.45
Shell Cda A	24.80	24.00	24.55	24.70
Suncor	49.50	48.10	49.40	48.00
Talisman Eny	29.85	28.80	29.50	29.25
Teleglobe	38.00	36.85	37.00	37.00
Telus	30.25	30.00	30.15	30.30
Thomson	35.95	35.00	35.35	36.00
TorDom Bank	43.00	41.00	43.00	42.10
Torstar	18.40	18.00	18.00	17.90
Transalta	21.20	20.55	21.10	21.30
TransCda Pipe	23.50	23.15	23.30	23.40
Trizec Hahn	28.70	28.10	28.10	28.70
Westcoast Eny	29.15	28.60	28.80	28.90
Weston	45.00	44.00	45.00	44.20

Late trading

Vienna
ATX index: 1152.29 Previous: 1166.11
www.wbag.at

	High	Low	Close	Prev.
Bank Austria	615	585	591	608
Bund Vers.	751	751	751	751
Creditanst	835	750	750	810
Erste Bank	637	593	602	643.90
EVN	1735	1650	1727	1671
Generali Hdg	2500	2350	2495	2470
OMV	1233.95	1164	1200	1240
Oest Elektriz	2000	1985	1955	1922.10
VA Tech	1185	1138	1174	1212.90
Wienerberg Bau	2454	2400	2443.45	2467

Wellington
NZSE-40 index: 1727.51 Previous: 1760.78
www.nzse.co.nz

	High	Low	Close	Prev.
Air N Zealand B	1.77	1.73	1.76	1.76
Brierly Invt	0.48	0.45	0.46	0.50
Carter Holt ord	1.30	1.28	1.30	1.31
Fletch Ch Bldg	2.03	1.00	1.90	2.05
Fletch Ch Eny	3.56	3.45	3.50	3.55
Fletch Ch Paper	1.04	1.02	1.02	1.08
Indep. News	6.00	5.95	5.95	6.00
Lion Nathan	4.30	4.29	4.30	4.35
Sky Network	2.20	2.15	2.18	2.25
Telecom NZ	7.42	7.25	7.32	7.45

Zurich
SPI index: 4093.85 Previous: 4105.77
www.bourse.ch

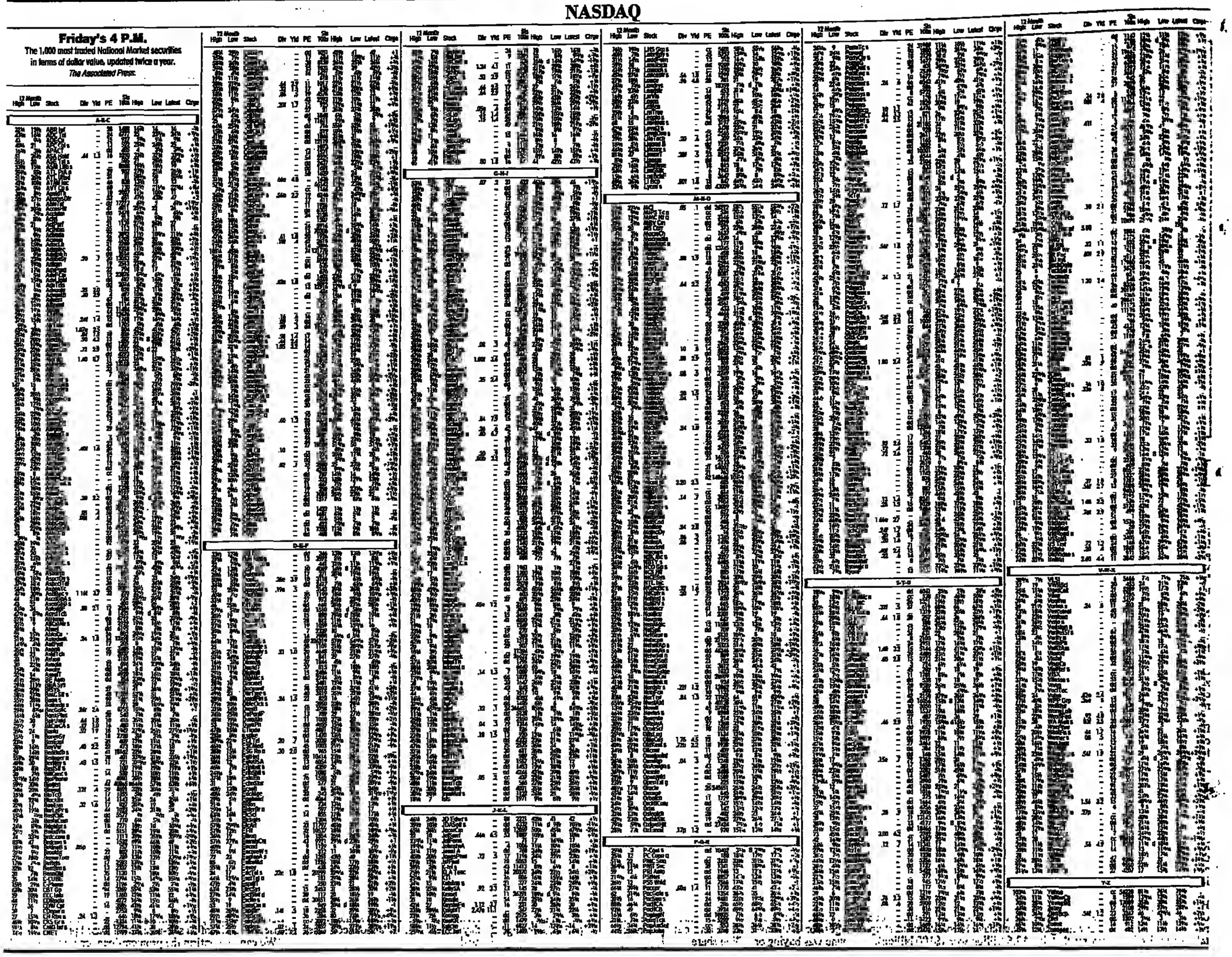
	High	Low	Close	Prev.
ABB B	1720	1620	1640	1698
ABB R	344	326.50	332	340
Adecco	602	576	598	598
Alusuisse R	1600	1500	1542	1540
Ares-Serono B	1785	1707	1720	1750
Baer Hdg B	3745	3570	3680	3690
Baloise Hdg R	1040	983	1040	1025
BK Vision	247	230	235	247
Ciba Spec Chem	124.75	119	122	123.50
Clariant R	680	649	678	666
Crd Suisse Gp R	205	191.50	204	198
Ems-Chemie	8090	7900	8000	8055
Holderbank B	1530	1420	1479	1527
Liechtenst LB B	812	795	795	815
Nestle R	2735	2582	2680	2680
Novartis B	2344	2232	2335	2330
Novartis R	2350	2230	2350	2329
Oerlikn Buehr R	219	210.25	214	220
PharmaVisn B	940	908	935	930
Pirelli R	215	210	211	225
Richemont A	1535	1450	1520	1500
Rieter Hdgs	835	810	815	840
Roche Hdg PC	16000	15200	15950	15699
SAir Group R	368.50	349	363.50	354.90
Saurer R	1030	980	985	1020
Schindler PC	1600	1570	1585	1630
SGS B	1135	990	1135	960
Sulzer R	777	725	764	760
Sulzer Medic R	278.50	259.50	278.50	270.50
Swatch Group B	840	782	833	817
Swatch Group R	205	193	204.25	201
Swiss Life B	970	918	955	936
Swiss Reins R	3069	2935	2977	3045
UBS R	435	414.50	414.50	424
UBS SIMA	259.50	257	259	258
Zurich Assur R	805	775	790	770

NASDAQ

Friday's 4 P.M.

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.

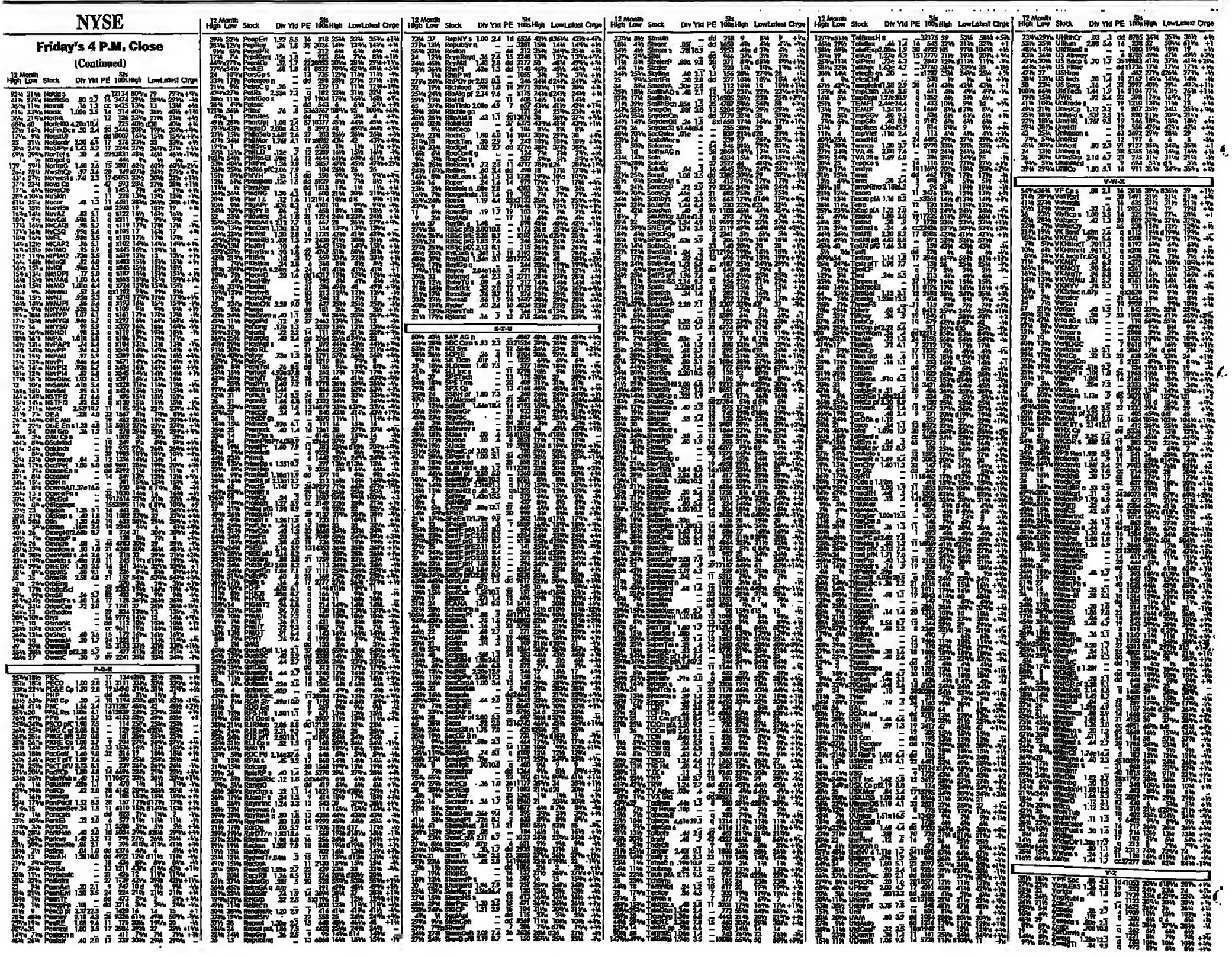
The Associated Press



NYSE

Friday's 4 P.M. Close

(Continued)



هكذا من الأصل

'Financial Jingoism' Sweeps Hong Kong

By Tan Ee Lyn
Reuters

HONG KONG — The Hong Kong government's crusade against market speculators has become a rallying cry, fueling a sense of nationalism once rare in this former British colony, political analysts and legislators said Friday.

But some warned that such jingoism would harm the image of this international financial powerhouse in the long run and drive investors away.

Government officials "are creating an impression for the general public in Hong Kong that there are speculators that are not so bad, manipulators who are really bad and these are essentially foreign devils," said Christine Loh, a member of the Hong Kong legislature.

"To divide market players into good ones and bad ones, and the bad ones are from the outside, is just not what we need," said Mrs. Loh, head of the Citizens' Party and a former commodities trader. "I mean what impression are we creating internationally?"

Hong Kong has locked horns in recent weeks with what it has termed "market manipulators" who are trying to profit from attacking the Hong Kong dollar.

On Saturday, Financial Secretary Donald Tsang is to appear for the third time this week before the legislature's Financial Affairs panel to defend the government's actions.

Since mid-August, the Hong Kong Monetary Authority has spent at least 100 billion Hong Kong dollars ($12.9 billion) in the local stock and futures markets to foil speculators.

The Monetary Authority accused speculators of selling the Hong Kong dollar to drive interest rates up and stock prices down in an effort to profit from short selling: when investors borrow stocks, sell them, and buy replacements later to return to the lender at a promised date, hoping the market will go down so that they can pocket the difference.

In the past week, the government has announced 37 measures to strengthen the Hong Kong dollar's link to the U.S. dollar and make markets less susceptible to manipulation. The moves have been hotly debated by legislators in this week's earlier sessions with Mr. Tsang.

Many politicians have used the forum to unleash wild and colorful invectives against foreign "manipulators" — not unlike the rhetoric that Prime Minister Mahathir bin Mohamad of Malaysia has used for months to denounce currency speculators.

James Tien of the Liberal Party referred to them as *gweilos*, a Cantonese term for "foreign devils," while Chan Kam-lam of the pro-China Democratic Alliance of the Betterment of Hong Kong, called them "international big crocodiles."

Amid the name calling, Mr. Tsang, the top general in Hong Kong's market intervention campaign, has won growing support among the territory's 6.6 million people, surveys showed.

A poll by the University of Hong Kong on Sept. 7 found 54.9 percent of 548 respondents agreed with the government's recent intervention in stocks and futures, up from 37.4 percent in an earlier survey conducted on Sept. 1.

Lau Sin-kai, a political analyst, said the support was because of a groundswell of "anti-speculator sentiment." Margaret Ng, a legislator, said the support given to the government was based on "financial jingoism" and warned that it could encourage the government to do whatever it chose.

Mitsubishi Links Units To Sell Funds

Bloomberg News

TOKYO — Bank of Tokyo-Mitsubishi Ltd. and the three other financial giants of the Mitsubishi business group will form a joint venture to rate and market mutual funds, and they said Friday they would team up in investment banking as well.

The four companies — Bank of Tokyo-Mitsubishi, Mitsubishi Trust & Banking Corp., Tokio Marine & Fire Insurance Co. and Meiji Life Insurance Co. — said they would invest 480 million yen ($3.5 million) and have equal shares in the venture, which will be established in December.

The companies also said they would work together, and possibly with foreign companies, to provide such support services as record-keeping for 401K-type products in Japan. The four will also cooperate in investment banking and might form a financial holding company, said the president of Bank of Tokyo-Mitsubishi, Satoru Kishi.

"We're capitalizing on our strengths and teaming up to take advantage of 'Big Bang' financial reforms," Mr. Kishi said. "A holding company is one important option we have."

The joint venture is the latest in a series of alliances aimed at cashing in on what is expected to be a mutual-fund bonanza, as financial deregulation lets the 720 trillion yen that Japanese savers have stashed in low-yielding bank accounts move to products that could produce higher returns.

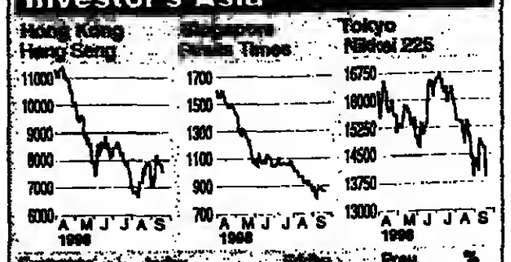
It tightens the ties between Japan's largest commercial lender, its biggest trust bank, the largest casualty insurer and the fourth-largest life insurer, all members of the tight-knit Mitsubishi business group.

A jointly managed investment bank could help fill the hole left in the group's financial-services lineup by the defection of Nikko Securities Co.

Japan's third-largest brokerage, which had close ties to the Mitsubishi group, said in June that it would join forces with the U.S. financial giant Travelers Group Inc. Travelers was to buy a 25 percent stake in Nikko, unseating Bank of Tokyo-Mitsubishi from its position as the brokerage's biggest shareholder.

The bank said it would have to reconsider its securities strategy the day after Nikko announced the deal.

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	7,578.48	7,840.96	-3.46
Singapore	Straits Times	962.19	965.00	-1.37
Sydney	All Ordinaries	2,469.30	2,526.30	-2.30
Tokyo	Nikkei 225	13,916.58	14,668.03	-5.11
Kuala Lumpur	Composite	308.59	380.20	-3.07
Bangkok	SET	212.79	218.91	-2.84
Seoul	Composite Index	328.81	338.95	-5.41
Taipei	Stock Market Index	6,641.85	6,603.65	+0.58
Manila	PSE	1,082.18	1,100.17	-1.64
Jakarta	Composite Index	324.04	327.27	-0.99
Wellington	NZSE-40	1,727.57	1,760.76	-1.88
Bombay	Sensitive Index	3,063.58	3,108.67	-0.81

Source: Telekurs International Herald Tribune

Funds Reassess Malaysian Assets

Bloomberg News

KUALA LUMPUR — Jardine Fleming Unit Trusts Ltd., Henderson Investors Singapore Ltd. and other global funds are writing down the value of the Malaysian assets in their funds because they are unable to get their money out of the country.

Currency controls imposed in Malaysia last week locked into the country as much as $10 billion worth of stocks and bonds owned by foreign funds.

"Our trustees decided that these assets should be written down to zero because they are not easily accessible," said William Pitman, director of investment at Henderson.

Malaysia imposed rules that force funds to hold on to the ringgit proceeds of their Malaysian stock sales for 12 months. Faced with the risk of breaking their fiduciary obligations by being trapped in a restricted stock market, funds are scrambling to reassess their Malaysian portfolios.

"Nobody wants to be locked into a market for 12 months before they can take their money out," said Kent Rossiter, senior investment adviser for Asian Equities at Nikko Securities in Hong Kong.

The Hong Kong Investment Funds Association, for its part, is recommending that "members might want to consider 'ring-fencing' or discounting their Malaysian portfolios," said Roger Pyrke, a director of Barclays International Funds in Hong Kong.

Mr. Pyrke represents Barclays on the executive committee of the association, which has 48 fund management companies as members and is expected to issue "advisory notes" on Malaysia by Sept. 15.

Jardine, which manages more than $10 billion in Asia, will write down to zero its Malaysian assets in the JF Asean Trust, which will be valued again after Sept. 1, 1999. The 4,800 unit-holders of the $70 million trust will be made a "special distribution," likely after Sept. 1, 1999.

"What we're doing is to effectively quarantine off the Malaysian stocks, so that can be sold off at a later date, and their proceeds distributed to the unit holders," said Tony McDonald, a director at Jardine Fleming Investment Management Ltd. in Hong Kong.

The moves by Hong Kong-based mutual funds comes after Malaysian Prime Minister Mahathir Mohamad — a vociferous critic of currency speculator and hedge funds — moved Aug. 31 to rein in trading in currency and stock markets.

Foreign fund managers have been paralyzed not just by the new rule that forces them to hold on to their ringgit for a year, but also by rules that blocked them from selling shares.

Before last week, a brokerage firm could list itself as a nominee for an investor buying or selling shares. Last week, Malaysia said it would foil speculators by requiring that separate accounts be set up at brokerages for each investor, to find out who was buying or selling shares.

Ford Pulls Out of Kia Motors Auction

Agence France-Presse

DEARBORN, Michigan — Ford Motor Co. said Friday it was withdrawing from the second auction to acquire failed Kia Motors Corp. and its sister company, Asia Motors.

"Although we still believe that a Ford-Kia alliance was in the interest of both companies, as well as for the nation of Korea, we are unwilling to take control of a company that is saddled with an unreasonably high amount of debt," said the Ford vice chairman, Wayne Booker.

Ford was the only foreign automaker to participate in the second auction for Kia. A first round of bidding was called off 10 days ago after bidders demanded write-offs of the failed companies' debts, which have been estimated at up to 13.6 trillion won ($100 billion).

Ailing Toshiba To Cut 6,000 Jobs

Compiled by Our Staff From Dispatches

TOKYO — Suffering from falling computer chip prices and a slowdown in computer sales, Toshiba Corp. said Friday it plans to slash more than 6,000 jobs, or 9 percent of its work force, in the next two years.

Toshiba said it foresees breaking even for the fiscal year ending in March 1999. Six months ago, Toshiba had predicted a profit of 40 billion yen ($297.6 million) for the financial year.

For the first half of the year, the period from April through September, Toshiba expects to lose 25 billion yen, the company said in a statement.

To become more competitive, Toshiba will trim its overall work force to below 60,000 by March 2000 from the current 66,000, partly through attrition, it said.

Toshiba will reduce its headquarters work force to 300 from 700. Directors' pay will be cut by up to 20 percent starting next month.

"I consider the company is in pretty bad shape," the company's president, Taizo Nishimuro, told a news conference. *(AP, Bloomberg)*

Very briefly:

- **Moody's Investors Service Inc.** cut the long-term debt and bank financial strength ratings of six major Thai banks and financial institutions: **Bangkok Bank, Krung Thai Bank, Thai Farmers Bank, Siam Commercial Bank, Thai Military Bank and Industrial Finance Corp. of Thailand.** The U.S credit-ratings agency also placed the loog-term debt and bank financial strength ratings of **Bank of Asia** on review for possible upgrade after the acquisition of a majority interest in the institution by **ABN AMRO Bank.**
- **Two South Korean banks, Kookmio Bank and Korea Long Term Credit Bank,** have signed a merger agreement to create a $74 billion "super bank" in the first fusion of healthy institutions. The merger will create the country's largest commercial bank.
- **Singapore Airlines Ltd.** plans to spend $300 million to upgrade its flight features and services amid increasing competition for the fewer passengers taking to Asia's skies. The airline said it was taking steps to protect itself from the region's economic turmoil, including scaling back its fleet expansion.
- **Daewoo Group** of South Korea plans to launch car sales in the United States on Sept. 28, with a target of 250,000 units by the end of 2000.

AFP, Bloomberg, Reuters

Risky Loans Weigh on Fuji Bank

Agence France-Presse

TOKYO — Fuji Bank Ltd. was holding about 2.6 trillion yen ($19.1 billion) in bad and risky loans at the end of March, Japan's leading business daily reported Friday.

Nihon Keizai Shimbun said the bank's potential bad loans, or those that may turn sour in the future, reached 2.4 trillion yen, with unrecoverable loans totaling 200 billion yen. The figures were based on the bank's own assessment at the end of March. The business daily said the total would be equal to 6 percent of Fuji Bank's overall outstanding loans.

But a Fuji Bank spokesman said it was considering whether to release the results of its self-assessment based problem loans.

"We cannot confirm the problem-loan amount," he said.

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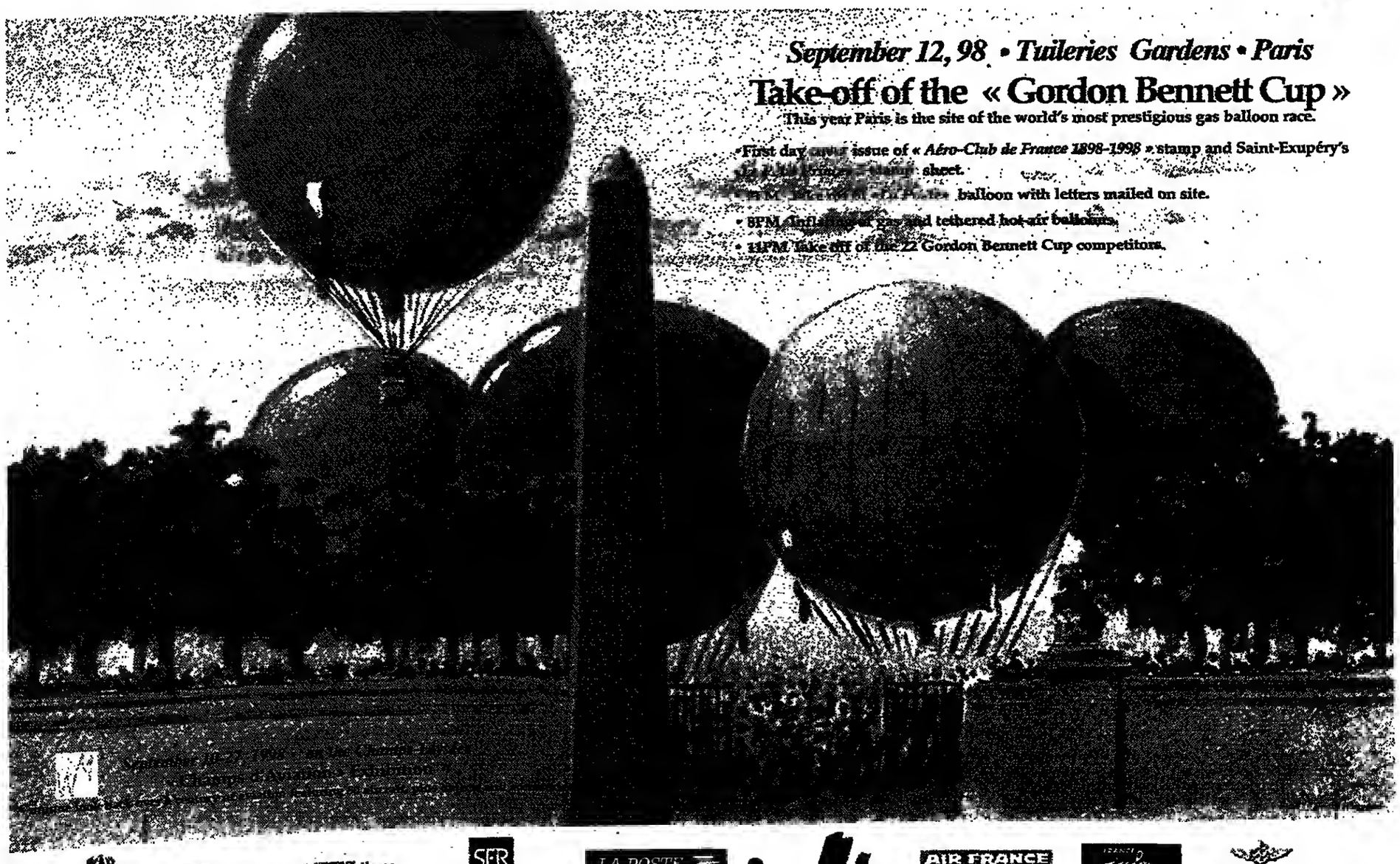

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- Using Intelligence For Business Decisions
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Wayne Allen, Chairman and CEO, Phillips Petroleum Co

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Richard N. Cooper, Harvard University professor and former US Undersecretary of State

Anthony Finizza, Chief Economist at Arco

Lynton Jones, President of the Intl. Petroleum Exchange

Christophe de Margerie, Senior Vice President of Total (Middle East)

Sharif Ghalib, Director, Sovereign Ratings Group, Standard & Poor's.

For more information, contact:
Brenda Erdmann Hagerty, Conference Office, International Herald Tribune
63 Long Acre, London WC2E 9JH, England
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Herald International Tribune

MONEY

SATURDAY-SUNDAY, SEPTEMBER 12-13, 1998
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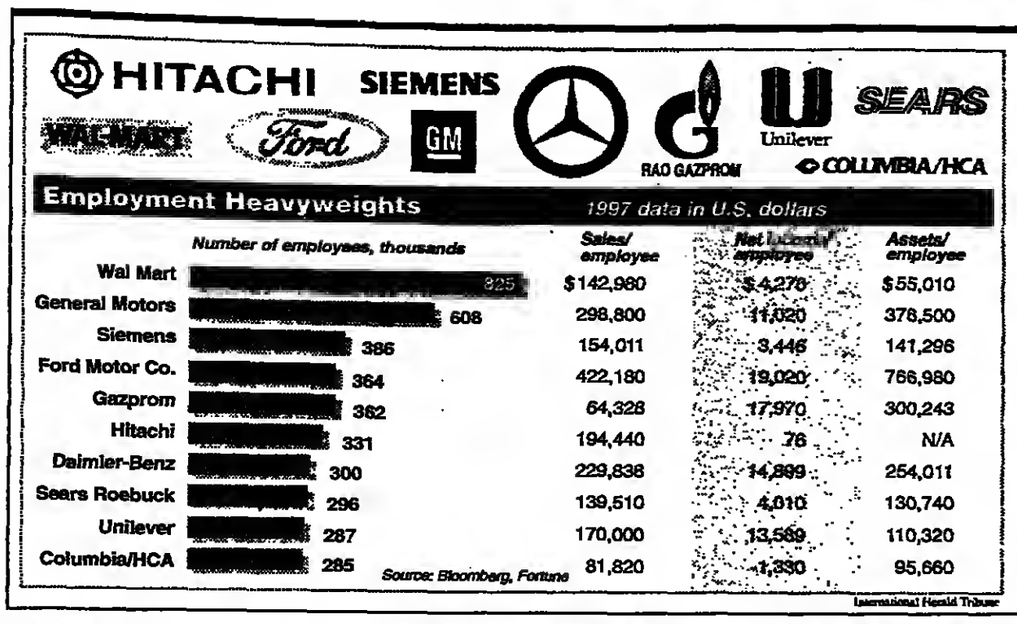
MONDAY: SPORTS

E-mail address: moneyrep@iht.com

Website: www.iht.com/IHT/MONEY



Big Payrolls Are Not Big Problems; Growing Companies Need the Staff

IN THE LAST two decades, stock markets have rewarded, at least on a short-term basis, those companies that aggressively trim their staffs. Often resorting to euphemisms such as "downsizing" and "re-engineering," companies have sent tens of thousands of employees out into the job market as they seek to raise their productivity.

This tactic does not play well in the union halls, obviously, but for an investor, the question is whether big is always bad in terms of staffing. The answer, it seems is "not always."

To explore this topic, the Money Report looked at the 10 biggest publicly held employers around the world, as measured by Fortune magazine as part of its Global 500 issue. The list comprised three automakers, two electronics companies, two American retailers, a dry-goods maker, a hospital chain and a natural gas concern. While some seem obviously overstaffed, others seemed to need employees to grow. Additionally, employees can form a stable bloc of shareholders, a group that will not dump its stock at the first sign of a bad quarter nor tender its shares to the first bidder that offers 10 percent above the market price. Many of these big companies encourage employee share ownership.

Research by Mercer Management Consulting has found that among the largest American companies, those that return the most value to shareholders are the ones that manage to raise revenues and profits faster than their competitors. By contrast, those companies that raise profit without increasing sales, do less well, though better than corporations whose sales rise but whose profits stagnate.

THE IMPLICATION is that managers can better spend their time figuring out ways to grow profitably than trying to cut costs, an exercise that cannot be carried out indefinitely.

Investors then, could seek out companies with large payrolls and then look to see if they are growing in terms of sales and profit. Those that meet all three requirements have the hallmarks of potentially lucrative investments.

Wal-Mart Stores

As the world's largest retailer, Wal-Mart Stores Inc. also boasts one of the largest employee populations: a *staggering* 825,000 at the end of last year in an expanding global empire of 3,400 stores.

Even more impressive is that Wal-Mart's sales per employee have grown to $142,980 from $127,550 four years ago, when the discount giant had a mere 528,000 workers.

"It's one of the most important measures of productivity, and Wal-Mart is simply one of the best in the industry," said Asma Usmani of Edward T. Jones, the St. Louis brokerage, who watches sales-per-employee trends as part of her valuations of retailers.

Ms. Usmani suggested a comparison with K-Mart Corp., the third-largest U.S. retailer after Wal-Mart and Sears, Roebuck & Co. After years of misguided diversification from its core discount business, K-Mart is selling specialty units that offered everything from books to auto parts, and closing more than 200 stores; it shed 46,000 employees in the past two years. Although trending upward, its $123,330 in sales per employee is still well below Wal-Mart's.

Such numbers are by no means the only factor in an analysis. Most analysts look first at same-store sales, a comparison of revenue among sites that were open in all periods being studied.

Wal-Mart also comes in at the top in that category. It turned in one of the best same store sales numbers for August, up 7.6 percent, leading the discounter category and trouncing the more-expensive department-store group.

What sets Wal-Mart apart, say its fans, is an extraordinary array of merchandise, ranging from groceries (it is the second-largest U.S. food retailer) to apparel and small appliances. Coupled with that are bargain prices and a service level not generally associated with discounters, including customer-friendly store layouts and greeters who help shoppers find things. "They're renowned for their productivity, bringing down prices, which brings in more traffic and gives better leverage on expenses," said Ms. Usmani.

Not surprisingly, Wal-Mart stock has been a winner as well. A hefty 40 percent of its 2.2 billion shares outstanding are owned by management and directors. Employees participate through profit-sharing that is 70 percent invested in Wal-Mart stock, and a plan that allows typical workers to buy up to $1,800 in stock annually at a 15 percent discount to market price.

BIGGEST EMPLOYERS

"Mr. Sam gave management a stake even before Wal-Mart went public in 1971," said Steve Hunter, a company spokesman, referring to Sam Walton, the company's founder. For those employees who acted on $1,650 to buy 100 shares at the initial public offering and held on, the returns have been spectacular: more than $6 million.

— JUDITH REHAK

General Motors

The last thing executives at General Motors Corp need to be reminded of is their employee headcount. The world's biggest automaker is recovering from a costly 54-day strike by the United Auto Workers union, fueled by disagreements over job preservation and productivity.

Even though GM's worldwide employee population has slipped by more than 100,000 in the past three years, to 602,000 at the end of March, its bloated headcount of roughly 287,000 autoworkers in the United States makes it the highest-cost American producer, a major drawback in a brutally cost-conscious industry. "Analysts look at the UAW headcount and think their hands are tied," observed James Kelleher, who follows the industry for Argus Research in New York.

Part of GM's problems date back to a 1996 UAW contract with Ford Motor Co. Not only did it protect the jobs of existing union workers, it preserved roughly 95 percent of the actual positions. Traditionally, the first automaker to settle with the union sets the guidelines for the others. In 1996, Ford and Chrysler Corp. had already managed to reduce their headcount by outsourcing significant chunks of their work, but GM had not. "It was like musical chairs, and GM was left without a chair," said Mr. Kelleher.

Nevertheless, GM posted a record profit of $6.7 billion last year. Like Ford, its U.S. revenue was boosted by light-truck sales, which rose 4 percent and have healthy profit margins, even as its car sales fell 3 percent.

GM did its fair share of cost-cutting. But its efforts to improve productivity by its workers have often stumbled, the legacy of a history of acrimony and mutual mistrust between the company and the union.

"Right now, it's a much harder pill for employees to swallow when GM is posting record earnings but arguing they aren't competitive enough," said Edgar Faler, an auto analyst with Olde Discount Corp., a Detroit brokerage. "Ford and Chrysler were able to do that when we were in the middle of a recession, and it was a life-or-death thing."

Nevertheless, Mr. Faler has a buy recommendation on GM, in part because he expects its most significant effort to reduce its labor force and improve productivity will move forward. The company plans to spin off Delphi Automotive Systems, its auto-parts business, an event he said was not reflected in GM's stock price.

The Delphi spin-off would lower fixed costs at General Motors, make it less reliant on the UAW, and create the world's largest auto supplier which would do business with GM and non-GM customers. Mr. Faler estimates that Delphi is worth roughly $12 to $15 a share to GM shareholders.

— JUDITH REHAK

Siemens

From a staffing perspective, Siemens AG has two problems: It has too many employees, and too many of them work in Germany, where wages and benefits are high. The German conglomerate recently announced a 10-point restructuring plan, but the points were only sketchily presented, and it was unclear if there would be a significant staff reduction. Analysts consider this vital, and so their response to the plan was tepid. "There are a large number of unknowns within Siemens' plan to restructure," analysts at Salomon Smith Barney observed. "Management has given no firm indication of what it intends to do, when, and at what cost."

The last part is critical because Siemens suffers from a "high cost base, especially in Germany," the analysts said. "Without significant headcount reduction or relocation, a competitive disadvantage will remain."

That deficiency has kept the stock flat over the last year, as the rest of the German market has bounded higher. It traded late Friday at 110 Deutsche marks ($64.70), down slightly from 111.50 DM a year earlier.

Analysts at Morgan Stanley Dean Witter & Co. expressed similar disdain, calling the plan "strong on buzzwords but short on details and practicalities."

Siemens' announced program pales in comparison to "the great restructurings of the recent past" among European conglomerates, notably Alcatel SA of France and Philips NV of the Netherlands, the analysts remarked. They noted that the plan set forth no clear performance targets. That might not matter, for they also said that Siemens had a history of failing to meet targets when they have been set.

David Potts, a fund manager at Guinness Flight Hambro specializing in European equities, saw an ulterior motive in the announcement. "I'm unconvinced the 10-point plan amounts to anything concrete," he said, calling it "an investor-relations device used to prevent a calamitous fall in the share price when results are announced." That will be in November, two months after Siemens's financial year ends.

Some of the investors that the company is softening up are its employees, although it is hard to know how many. A Siemens spokesman, Eberhard Dombek, said that employees can buy stock at a discount and must hold it for six years. The number who do so is "a private matter," he said, adding that because they can sell in the market after the lock-in period, Siemens could not know precisely what portion of shares are in employees' hands.

The difficulty in restructuring Siemens is that it is hard to know what to restructure it around. It is a jack of many trades and master of few. While rivals have renewed themselves around a core business — such as telephone equipment for Alcatel — there is no obvious candidate to serve as Siemens' anchor.

"Siemens is nothing if not diverse," Salomon's analysts politely said. Then, in a departure form the delicate phrasing that is customary in such reports, they added: "Trading is truly awful in many areas." These include semiconductors, transportation and mobile phones. With little clear prospect of reducing staff or acquiring new businesses around a core, the key to renovating the company will be to shed the worst of the existing lines, the analysts said.

— CONRAD DE AENLLE

Ford Motor

In keeping with its position as the world's largest truck maker and the No. 2 maker of all automotive vehicles, Ford Motor Co. counted 363,892 employees at the end of last year.

It is a fair bet that most of them will

Continued on Page 19

Fund Expenses Add Insult to Injury

JAMES K. GLASSMAN ON INVESTING

AS STOCK PRICES have plummeted in recent weeks, so have the returns of mutual funds. But there is a difference: Funds add insult to injury by charging shareholders fees and expenses — often steep — in good times and bad.

Between Aug. 14 and Thursday's 249-point decline in the Dow, the average U.S. growth-stock fund went from having a positive return of 8 percent for 1998 to having a negative return of 3 percent, according to Lipper Analytical Services Inc.

Consider the typical fund that is down 3 percent right now. Roughly one-third of that loss comes from costs imposed by the fund.

That is a painful bite, especially compared with the recent past. In 1997, for instance, Gabelli Westwood Equity Fund returned 29.6 percent after expenses of 1.6 percent. So a $40,000 account would have made $11,840 in profits after the fund took $640 in expenses. This year, the same fund has lost 3.8 percent. If it ends 1998 with that loss, then expenses for a $40,000 account will be roughly same $640, but a shareholder will be suffering a $1,520 loss at the same time.

In a year your mutual fund is returning 30 percent, you are not likely to pay much attention to the fees it is charging you. But, in a year like this, with the average fund barely breaking even, expenses suddenly loom large. In fact, they are always important.

Consider two funds. Each produces a gross average annual return of 12 percent a year, but one has an expense ratio of 2 percent of assets; the other, 1 percent. So, in one case, the investor pockets 10 percent; in the other, 11 percent.

After 30 years, an investment of $10,000 in the high-expense fund becomes $174,000, but the same $10,000 in the fund with an expense ratio of 1 percent becomes, thanks to the miracle of compounding $229,000 — or nearly one-third more.

But don't you get what you pay for? Aren't higher expenses worth it to fund investors, the way that higher legal fees are to clients? Studies say no.

I asked researchers at CDA/Wiesenberger Inc., a Rockville, Maryland, firm that tracks mutual funds, to compare fees and performance. They found a surprising relationship: the higher the expenses, the lower the returns, all the way down the line.

For example, a sample of 704 general-equity funds that charged expenses of between 0.51 percent and 0.99 percent had annual returns over the past three years averaging 21.1 percent. But the 749 funds that charged between 1.50 percent and 1.99 percent had returns averaging just 18.7 percent.

Notice that the difference in returns — 2.4 percent — is much larger than the difference in fees alone, which averages 1 percent. So, not only are low-expense funds cheaper, but they are apparently better managed.

An analysis earlier this year by Financial Research Corp. examined the performance of U.S. mutual funds ranked with four or five stars by Morningstar. "On average," the study found, "stock funds that charge the lowest fees normally generate the highest returns over time."

For example, in the large-blend category (with portfolios that have both growth and value stocks, in roughly equal measure), the average return for funds in the quartile with the lowest expenses was 27.4 percent. The average returns for funds in the quartile with the highest expenses was 24 percent.

For small-cap funds, the discrepancy was even broader. The low-expense quartile averaged total returns of 151 percent over five years, but the high-expense group had returns of just 119 percent.

"The results of our analysis," reported Financial Research, "support the general theory that fund expenses erode performance. The extent to which that erosion occurs, however, is striking."

There are, of course, exceptions. The firm points to Legg Mason Value Fund and the Torray Fund, two of my own favorites, which "have earned top-decile (highest 10 percent) performance across one-, three-, and five-year periods while charging expenses that are higher than more than half of their respective Morningstar peers."

But then consider a fund like Kaufmann, which underperformed the Standard & Poor's 500 Index by an average of 8 percentage points annually from 1995 to 1997 while charging an expense ratio of a lofty 2 percent. Kaufmann is down 18 percent so far in 1998.

Why do so many investors buy high-fee funds? They have no one to blame but themselves. Expenses are reported by Morningstar and Value Line and in every fund prospectus. Or just call your current or prospective fund and ask.

A 1996 study by the Investment Company Institute, the trade group for U.S. mutual funds, asked recent buyers what information they reviewed before they made their purchases. Leading the list was the fund's performance, at 75 percent of respondents; next, risk, 69 percent. Fees and expenses ranked fifth, at 43 percent.

The irony is that investors can actually control the fees and expenses they pay, while they can't possibly control the return their fund will provide them — nor the risks the manager will take.

The funds with the lowest expenses are funds that aren't managed by humans but instead hew to an index, which is a basket of stocks assembled to reflect the market or a segment of it. These funds have done very well in recent years. The largest is Vanguard Index 500 Portfolio, which tracks the S&P 500 Index, a proxy for the large-cap part of the market.

The expense ratio for Vanguard Index 500 last year was a mere 0.17 percent. But Vanguard has a low-expense policy even for its managed funds. Vanguard Growth and Income, ranked "1" by Value Line, had an expense ratio of just 0.36 percent last year, or roughly one-fourth that of its peers, while returning 35.6 percent and whipping the S&P by more than two points. Vanguard Windsor II, another fund with a "1" rating, charged 0.37 percent last year and returned 32.4 percent.

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THE MONEY REPORT

Big Payrolls Are Not Big Problems – Growing Companies Need the Staff

Continued from Page 17

still have a job when 1999 rolls around. Even though Ford is aggressively cutting costs on all fronts, employee headcounts, especially those protected by contracts with the United Aoto Workers union, are a relatively small component of that, said Edgar Faler of Olde Discount Corp. Indeed, one of the reasons he still likes Ford, besides its bargain stock price, is that it remains well positioned to cut costs in other areas.

"Generally the direct labor component is only 12 percent of its manufacturing cost," he pointed out, "but there are many more opportunities in purchasing and through economies of scale."

Ford slashed costs by $3 billion last year, helping it to turn in a record $6.92 billion profit; the company said it expected to cut $1 billion more this year.

One way it reduces expenses is to share more components among its models than it once did. "If you sit in a Ford Explorer, its sports-utility vehicle, the steering wheel is the same as in a Taurus, its family sedan," Mr. Faler noted. "At one time every model had a different underlying chassis," he added, "but now more models share the same chassis, but with a different skin so it looks and feels different to the consumer."

Ford has also gotten smarter about purchasing, said Mr. Faler. Its American and European operations once purchased independently, but are now joining forces to gain economies of scale.

To be sure, Ford's product mix has played a prominant role in its robust earnings. Its position as the leading truck maker has benefited from American consumers' craze for sport-utility vehicles and small pickup trucks, both with far higher profit margins than most cars.

Even so, the automaker has found opportunities to save oo salaries under the United Auto Workers contract. UAW members at the Big Three automakers are generally old and earn high salaries, especially compared with foreign automakers setting up in America. Bot Ford is "riding the attritioo curve" said Mr. Faler, replacing retiring workers with less-expensive young ones.

Ford employees own 16 percent to 20 percent of its 1.2 billion shares outstanding.

Among them are participants in its 401(k) plan, who receive 60 cents worth of stock for every dollar they contribute. "Last year, we had a total return of 57 percent, and this year, even with the market correction, we're still up about 40 percent," said James Cain, Ford's financial news manager.

— JUDITH REHAK

Paul Warner/The Associated Press

Auto workers striking this year at a GM factory in Flint, Michigan.

Gazprom

Gazprom, analysts like to say, is a proxy for the entire Russian economy. As Russia's largest energy company, with proven reserves among the world's largest, it is the country's largest single company, a vertically integrated giant that does everything from pumping natural gas out of the ground to running dairy farms, kindergartens and hospitals for its hundreds of thousands of employees.

In fact, Gazprom is often the only employer in its remote Siberian gas fields, where it practically owns entire communities, making it probably Russia's largest private sector employer.

But analysts say that with little stock in the hands of employees and a management that is among Russia's most capable and enlightened, the vast employee base has little effect on the share price.

While it is vastly overmanned in comparison with worldwide energy industry standards, much of that is down to Gazprom's Soviet-era habit of doing everything in-house.

"I wouldn't use the expression featherbedding," said John-Paul Smith, Russian equities strategist at Morgan Stanley Dean Witter in London. "I'm just not sure how much slack there is within the company."

But, said Mr. Smith, the company is beginning to spin off units and putting many of its services up for competitive bidding. "The psychology of management is among the most progressive of Russian companies, and they are beginning to restructure sooner than most other Russian corporates," Mr. Smith said.

In fact, with its profit-minded management, and average salaries in Russia now well below $100 a month in rubles, Gazprom's army of employees has almost no effect on its share price even though the company spent $2.8 billion on salaries last year out of an estimated $15.2 billion in operating expenses.

Under normal conditions, Gazprom ought to be a good buy.

Gazprom stands poised to have a stranglehold on Europe's energy supply sometime early next centruy, when North Sea gas and oil run out. With a $9 billion profit, under Russian accounting methods, (most of it in hard currency sales to foreigners) it has immense political clout.

But given Russia's spiraling crisis, Gazprom may simply be the most frustratingly hopeless cheap stock on any market.

Russia is on the verge of economic collapse, and Gazprom, like any good market proxy, has followed its example. From a high of $28, Gazprom's London-listed depository receipts had fallen to about $7 a share, significantly outperforming the Russian stock market as a whole, but not exactly the place a wise investor would look to put his money.

With the country virutally insolvent, Gazprom is often unable to collect the vast sums owed it by Russian utilities, factories and other clients — particularly the government.

That same government depends on Gazprom for 25 percent of its tax revenue. Because Gazprom is one of the few visibly profitable corporations in the country, some analysts fear if Russia's crisis continues, the government may renationalize the company, leaving its shares worthless.

— PETER S. GREEN

Hitachi

As Hitachi Ltd. braces for its worst annual results ever, the electronics maker almost comes across as an example of how massive employment can only be a drag on earnings.

Hitachi had initially projected a modest profit of 40 billion yen ($292 million) for the year ending March 1999, but recently decided that it was going to lose 250 billion instead, reflecting a planned restructuring of the company.

Hitachi had sales for the year ended in March of 8.4 trillion yen, with more than 331,000 employees, or 25.4 million yen per employee.

Mami Indo, senior analyst at Daiwa Institute of Research, said Hitachi has been exposed to a harsh market environment thanks to the Asian financial crisis and domestic deregulation.

Unlike such more internationally savvy competitors as Sony Corp. and Canon Inc., whose profits are firmly based overseas, 70 percent of Hitachi's sales are in Japan, and much of the rest depends on the economic health of Southeast Asia.

The parent company has announced plans to cut 4,000 workers from its current 71,000 (counting subsidiaries, it employed a stunning 331,494 at the end of last year), spin off unprofitable divisions and reorganize its galaxy of 975 affiliated companies. Rather than laying off people, Hitachi will reduce headcounts by transferring workers to subsidiaries and by way of attrition.

It is not as if having too many employees in itself is bad, Ms. Indo said, but the dilemma is that a company with such ao extensive reach — it has stakes in everything from home electronics to semiconductors, heavy machinery and even financial services — is hit so broadly when the overall economy deteriorates.

As well, the company has grown so enormous that each part functions like an organ in a human body, giving Hitachi little experience in restructuring. "Since it employs so many and the labor union is so strong, it takes a lot of time to implement anything drastic," Ms. Indo said.

She added that instead of booking a large loss for the year, Hitachi could have taken the less drastic route of selling some of its stockholdings at a profit to finance the restructuring. The decision to plunge deep into the red, she continued, was a way to highlight its crisis and make the corporate reorganization appear unavoidable.

The company's employees have an investment stake in the outcome. They constitute the third-largest shareholding bloc, with about 3 percent of the outstanding equity. They can acquire shares through a monthly investment program, although the company, as is common in Japan, does not grant stock options.

While some contended that Hitachi does not go far enough in its restructuring plan, others, including Ms. Indo, said that what Hitachi really needed to do is to reinvent its traditional businesses rather than focus on scaling down its operations. At the same time, "it has to reeducate its work force and reinforce its marketing capability," she said.

— MIKI TANIKAWA

Daimler-Benz

Daimler-Benz AG is Europe's largest automotive employer, but its work force is not nearly as large as it used to be. The company had 225,000 on its German payroll at the end of last year, whittled down from 305,000 at the end of 1991. During that time, Daimler-Benz's foreign staff, for which it need not pay copious German wages and benefits, has remained stable.

The result has been an increase in net profit, to 3.4 billion Deutsche marks ($1.98 billion) from 2.6 billion DM.

That is on par with other European carmakers, but in one measure of output, what Deutsche Morgan Grenfell calls "value added per employee," Daimler-Benz surpasses its rivals. Each Daimler-Benz employee was worth 142,000 DM to the company last year, compared with 130,000 DM for the European car industry generally, according to Klaus-Juergen Melzner of Deutsche Morgan Grenfell.

He said he expected the gap to widen through the end of the decade, with value added per employee reaching 184,000 DM at Daimler-Benz in 2000 and 157,000 DM for the industry.

The company would not provide information on employee share ownership, either through profit sharing or purchase plans. There would be no indirect ownership through a retirement fund holding Daimler-Benz shares because corporate pension plans per se do not exist in Germany.

While the carmaker has seized vigorously on opportunities to slash staffing, its pending merger with the American carmaker Chrysler Corp. will not provide much scope for further reductions, said David Potts, a fund manager at Guinness Flight Hambro.

"Given that the overlap is limited, there will be a limited amount of job cuts," he reasoned. While some administrative positions may be lost, "as far as production is concerned, I don't think it amounts to significant downsizing. The merger was driven by sales synergies, not production synergies."

The two companies are being steered in the right direction, in the view of analysts at Merrill Lynch & Co.

"The merger has significant strategic advantages for each company, which should lead to shareholder approval," they said. "The combined company will have the most desirable product and geographic sales mix among the major automakers."

Daimler's efforts over the years to boost profitability and efficiency have received little respect from investors. The stock has barely doubled from the price range in the early 1990s, while the German stock market has more than tripled.

Investors' neglect has left the stock cheap. Once the merger is complete, said John Lawson, who follows it for Salomon Smith Barney, it will be the largest company of the 30 included in the benchmark DAX index of German shares, and it is likely to have the cheapest valuation. 13.6 times his estimate of next year's earnings. He also described the company as the most "shareholder-friendly" among the DAX 30.

— CONRAD DE AENLLE

Sears Roebuck

For many Americans, Sears, Roebuck & Co. is fondly remembered for its thick mail-order catalog, offering everything from underwear to refrigerators. Theo there was the Sears that sold insurance, ran Prodigy, the on-line service, and built the Sears Tower in Chicago, the tallest building in the world when it opened in 1973.

The catalog is now gone, the office building and many of the specialized units sold, as the largest American department store retailer continues its restructuring. But even after sharp cuts in its employee headcount — the most severe in 1993 when it eliminated 50,000 positions — the numbers are creeping up again. At the end of last year, Sears counted 296,000 employees.

Skip Helm of William T. Blair, the Chicago brokerage, said that while he does not necessarily look at employee headcount, he does look at payroll ratios, another way of analyzing how employee numbers impact a retailer's expenses. "For most retailers, the biggest expense is payroll, and a key objective is to get the expense structure more in line."

At Sears, the strategy has been to put more "pay at risk," Mr. Helm explained. What this means is that unlike the old days of department-store retailing, where employees and even managers were paid by the hour, base pay raises are minimized but there is more incentive pay for those who meet store and department sales targets.

That has clearly contributed to an improved sales-per-employee rate at Sears, which has been rising steadily from a five-year low of $124,620 in 1994 to $139,510 last year.

Improving productivity at a retailer, Mr. Helm said, can be technology-related or just the result of selling businesses. "At Sears, it's a combination of both," he said. In terms of technology, for example, the entire company has been computerized, from initial order of merchandise to allocations to stores, even to colors and sizes for an individual store's market.

A digression to specialty stores has not paid off, and in mid-August, Sears announced it would sell its auto parts chain, where declining sales had been a drag on its cash flow and earnings. The move prompted some analysts to upgrade their ratings on the retailer.

A major benefit for Sears, in the view of many analysts who follow the company, is chief executive Arthur Martinez, who took the helm in 1995. Widely seen as a dynamic and effective leader, he has received top marks for his progress in steering the company's restructuring. Mr. Helm said he expected per-share earnings growth of 12 percent to 15 percent annually for the next several years. "It's a very mature sector, so that's pretty good," he said.

That may provide a measure of comfort to the Sears employees who own 10 percent of the retailer's shares outstanding, sweetened by the opportunity to buy them at a 15 percent discount to the market price at the beginning of each quarter.

— JUDITH REHAK

BIGGEST EMPLOYERS

Unilever

Selling laundry detergent is a rewarding endeavor for staff members at Unilever PLC. The British-Dutch producer of consumer staples is a European leader in the use of such incentives as stock options for managers, doling them out in healthy doses that can approach the prodigious levels of American businesses.

The company also has a souped-up saving plan for rank-and-file employees that has some of the features of incentive options. Miehael Haines, a Unilever spokesman in London, said British employees can sock away up to £250 ($418) a month. After five years, the money is either returned with interest or converted into shares.

About 60 percent of eligible British employees — those who have worked the requisite short span of time — participate. Similar plans exist for Unilever's North American and Dutch workers. The purchase price of the shares is determined at the start of the five years and is set about 10 percent below the prevailing market price. No matter how high the shares go, employees will still receive their allotment at the initial price. As the company's fortunes go, so go theirs, just as it is for the honchos. That is the point of the plan.

"The purpose is to encourage employees to have greater involvement in the long-term success and well-being of the business," Mr. Haines said.

Whether or not the share plan is the reason, productivity, inferred from sales and profit per employee, has risen.

Unilever derived profit of $9,864 from its average worker in 1993 on revenue of $142,000, figures supplied by the company show. Last year, the average worker generated profit of $13,589 for the company on revenue of $170,000.

The numbers depend on several factors, including the exchange rate of the dollar to the various currencies in which sales are made and employees are paid. Also, the company has restructured its operations, disposing of some lines and acquiring others.

What is central is that the revenue each employee generated rose 19.7 percent, while profit from that revenue was up 37.7 percent.

Unilever's restructuring has resulted in a decline in its work force from 308,000 in 1995 to 287,000 last year. But profits are unchanged over the last four years, $3.9 billion, and some analysts have faulted the company's restructuring efforts.

Unilever was criticized, for instance, for selling its specialty-chemical operations last year before it had figured out a useful way to spend the money from the sale. While searching for an acquisition, stock markets soared, raising the prices of prospective targets.

Merrill Lynch & Co. judges Uoilever a long-term buy and suggests accumulating it — a less favorable appraisal in analytical parlance — for those with shorter time horizons.

— CONRAD DE AENLLE

Columbia/HCA

At $18.8 billion in sales, Columbia/HCA Healthcare Corp. is the largest investor-owned hospital chain in the United States. Some 8.1 percent of the company's shares are owned by its 228,000 employees; 3.1 percent more by directors.

"In the health-care industry, where turnover rates tend to be excessively high," said A.J. Rice, health-care industry analyst at Bear, Stearns & Co., "anything they can do that ties someone's loyalty to the company can help operations."

Mr. Rice noted that average employee turnover among hospitals is amazingly high, nearly 50 perceot a year. "Stock ownership," he said, "is a way to keep people there, which can improve productivity and morale."

Of course, when the stock falls from an all-time high of $44 in early 1997 to about $22 recently, that probably does not do much for worker morale. But, said Mr. Rice, "external factors have really impacted share prices for the last 15 months.

Those external circumstances are a series of government investigations of overbilling that has hit a good section of the U.S. health care industry, including home health care companies and kidney dialysis companies — and Colombia/HCA most of all. In 1997, the year the investigation began, the company reported a $305 million loss.

That was not the way things were meant to be.

Wheo Richard Scott, the architect and former chief executive of Columbia/HCA, built the company through stock-financed acquisitions, his goal was to transfer the concept of corporate competitiveness to the health care industry.

Columbia made hospitals profitable in part by firing existing staff at acquired institutions and substituting lower-paid workers for them. For example, it would hire licensed practical nurses to replace some registered ourses, who have more education and training.

A 1995 study showed that investor-owned hospitals tended to have 17 percent less staff than not-for-profit hospitals, with an average of 4.02 full-time staff per 100 discharged patients, compared with 4.84 for all hospitals and 5.05 for government hospitals.

But Columbia's lean staff is given financial incentives to stick around and work hard. A bonus plan offers employees of a certain level stock options that are 100 percent exercisable after four years and others that mature in 25 percent iocrements. A salary deferral plan gives employees the right to set aside part of their salary for stock which is purchased for them twice a year at a 15 percent discount.

Extensive employee stock ownership over long periods is generally viewed by the investment world as a positive for a stock. But it has not added much luster to Columbia/HCA's shares lately because of the company's legal troubles.

Since the federal government raided a Columbia/HCA hospital in El Paso, Texas, in March 1997 for signs of fraudulent overbilling of Medicare and four individuals at a Florida hospital were indicted for misreporting some financial data, shares of the company have plunged from $44 to its current level of about $22. By July 1997, Mr. Scott was out.

Current management priorities, summed up Mr. Rice, are to "right whatever is wroog with the company's relationship with the government. That includes keeping its books open to the government instead of waiting for the government to subpoena the books."

The second objective is to "unlock the value inherent in the company" by spinning off two major divisions. Those include the Americas Group of rural hospitals and the Pacific Division, a group of hospitals not in Columbia/HCA's core markets.

— SHARON REIER

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WORLD ROUNDUP

Top Soccer Clubs Offer Aid to UEFA

SOCCER Six major European soccer clubs will take part in UEFA's bid to reform its club competitions and stave off a breakaway European super league, the governing body of European soccer said Friday.

Senior officials from Juventus of Italy, Liverpool of England, Bayern Munich of Germany, Ajax Amsterdam of the Netherlands, FC Porto of Portugal and Olympique Lyonnais of France all are to attend the first meeting of a specially-created task force on Monday in Geneva. Senior UEFA officials and representatives from national leagues in England, Germany and Italy are also to sit on the 14-member panel.

UEFA created the task force to find ways of restructuring its tournaments in response to plans by Media Partners, a Milan-based company, to start up a European super-league competition. The committee is expected to make initial recommendations before Christmas. *(AP)*

Arsenal Pursuing Swede

SOCCER Arsenal's coach, Arsene Wenger, is set to hire the Swedish striker Fredrik Ljungberg in a £3 million ($5 million) transfer from Halmstad, according to the player's agent.

Ljungberg, part of the Sweden team that beat England, 2-1, in the Euro 2000 qualifier at Stockholm last Saturday, was expected to undergo a medical examination on Friday before the deal was complete.

Arsenal, the defending FA Cup and Premier League double champion, has recruited the 21-year-old striker to replace the England international Ian Wright, who was sold to West Ham in the offseason as the Gunners attempted to lure the Dutch striker Patrick Kluivert from AC Milan.

Vinvenzo Morabito, Ljungberg's agent, said the deal was a "100 percent certainty." *(AP)*

New Owner for Marlins?

BASEBALL A commodities trader, John Henry, said he had reached a tentative agreement to buy the Florida Marlins from their founding owner, Wayne Huizenga, for $150 million.

Henry, 48, also said he was likely to ask Micky Arison, the owner of the NBA's Miami Heat, to invest in the Marlins after the deal was done, The Miami Herald reported Friday.

"I have a handshake deal with Huizenga Holdings' president Rick Rochon to buy the team," said Henry. *(AP)*

Marino and Dolphins Set Sights on the Bills

A Special Rivalry in Miami's Home Opener

By Thomas George
New York Times Service

Buffalo (0-1) at Miami (1-0) Buffalo used to love to play Miami. The rivalry was special and remains unique. The Bills are 15-12 against Dan Marino, the only AFC East team with a winning record against him, and Andre Reed has three 100-yard receiving games in his last five versus Miami. But the Dolphins are 24-4 in home openers since 1970 and have more of everything than Buffalo on offense, defense and special teams. *Prediction: Dolphins, 27-9.*

Baltimore (0-1) at N.Y. Jets (0-1) What explanation is there for Glen Foley throwing 58 passes against the 49ers last week? Well, he completed 30 for 415

NFL MATCHUPS

passing yards. Nice numbers. But the Jets lost. And another week of lackluster running will cost them again. *Ravens, 17-16.*

Kansas City (1-0) at Jacksonville (1-0) If the Kansas City offense clicks, then this game will be a joy. It could be a preview of the AFC championship game. Both teams have stellar defenses, offenses, special teams, coaches and stars. Both play physical, hard football. Jacksonville is a touch faster. But the Kansas City defense is already in sync. *Chiefs, 16-13.*

San Diego (1-0) at Tennessee (1-0) Rodney Harrison is a safety. He is supposed to defend passes. He does. But he also blitzes the quarterback and gets there. At least, he did against Buffalo last week, gaining three sacks. Steve McNair and the Oilers won't be so easy, and McNair will take this shootout with the rookie sensation Ryan Leaf personally. *Oilers, 37-20.*

Carolina (0-1) at New Orleans (1-0) The Panthers felt so horrible losing at home to Atlanta last week, so they should be fired up. Plus, the Saints' quarterback Billy Joe Hobert is lost for the season due to injury and that kills their chances. *Panthers, 20-10.*

Minnesota (1-0) at St. Louis (0-1) The Rams actually outgained New Orleans in yardage by 323 to 234 but lost last week. They are 18-31 since moving to St. Louis and are still having a mess of a time turning the corner. And there is something special in the air with these Vikings. *Vikings, 21-17.*

Philadelphia (0-1) at Atlanta (1-0) The Falcons' kicker, Morten Andersen, ranks second in scoring among active players. He still has a booming leg and gives his team an added dimension. Coach Dan Reeves is changing attitudes in the Falcons' locker room. These guys are learning how to win, especially in close games. *Falcons, 17-14.*

Tampa Bay (0-1) at Green Bay (1-0) Green Bay has gotten the better of this series and has won 24 consecutive home games. The league record is 28. Brett Favre has 24 touchdown passes and only 6 interceptions against the Bucs. He's a big part of the difference. Somewhere, this string for Tampa Bay must end. Not here. *Packers, 23-10.*

Chicago (0-1) at Pittsburgh (1-0) The Steelers' Kordell Stewart threw for 173 yards against Baltimore last week, completing 14 of 27 passes. In the 4th quarter, he completed 4 of 5 for 62 yards including the game-winning 20-yard touchdown strike to Charles Johnson. The Steelers are built for 4th quarter stamina all the way around. The Bears are not. *Steelers, 26-6.*

Cincinnati (0-1) at Detroit (0-1) The Bengals are going nowhere if they can't force more action on defense. And the Lions' quarterback Scott Mitchell and their star running back Barry Sanders are ready to break loose. *Lions, 33-16.*

Arizona (0-1) at Seattle (1-0) The Seahawks' rookie back Ahman Green is averaging 16.7 yards per carry. That's right, per rush. The Seahawks' receiver Joey Galloway is averaging 23.7 yards per catch. That's right, per catch. Seattle, under the direction of quarterback Warren Moon, can roll it up on anyone. *Seahawks, 30-13.*

Dallas (1-0) at Denver (1-0) Denver has won 17 consecutive regular season home games. It has Terrell Davis and John Elway back, packing that 1-2, run-pass, Super Bowl punch. It has won 21 straight when leading after three quarters. It has it all. Or so it seems. Dallas wants some of that luster back. Watch Emmitt Smith outrun Davis. That turns the game. *Cowboys, 24-21.*

N.Y. Giants (1-0) at Oakland (0-1) The Giants' defense has held 7 of its last 9 opponents to 20 or fewer points and usually wins with defense. But it tackles an upscale passing attack against the Raiders. The Giants answer is the blitz. Can the Raiders hit enough bombs to make them pay? Almost. *Giants, 20-19.*

Indianapolis (0-1) at New England (0-1) There goes Peyton Manning in his road debut, and it could get ugly on Sunday night. The Patriots seek to right their ship after sinking in Denver last week and Manning is the target. They will blitz him and attempt to confuse him with a variety of disguised coverages. All around, the Patriots will attack. *Patriots, 30-13.*

San Francisco (1-0) at Washington (0-1) We are quite familiar with the 49ers: Super Bowls, Steve Young, Jerry Rice, big plays, big stars. We are not so familiar with this brand of Redskins: Glory lost, lackluster quarterback play, punctured defense and an awful debut last weekend against the Giants. Trent Green replaces Gus Frerotte at quarterback for the Redskins on Monday night. No doubt, there will be other changes, ranging in subtle to major, as this game unfolds for Washington. It is huge for them. And if they aren't careful, they could easily be 1-7 at midseason. *49ers, 28-16.*

Eric Miller/Reuters

Mark Philippoussis after winning a tiebreaker in the fifth set to defeat Thomas Johansson. Philippoussis is to meet Carlos Moya in the semifinals.

Albert's Back in Business

By Richard Sandomir
New York Times Service

NEW YORK — Marv Albert, the once-famed U.S. sportscaster who was fired last year after being charged with sexual assault, is scheduled to return to work Monday as host of the SportsDesk program at the MSG cable network in New York.

It will be exactly a year since Albert last worked, when he called a National Football League game between the New York Giants and the Baltimore Ravens for the NBC television network.

After that came a trial for sexual assault, a guilty plea to a misdemeanor charge, psychotherapy and exile. The MSG Network rehired Albert in July, however, and he has been planning and rehearsing for his new job since early August.

On Wednesday, Albert married Heather Faulkiner, his longtime fiancee.

"This is a good time," he said Thursday by telephone, from his honeymoon. "I've been going into the office for the last three weeks, getting the feel of going into a studio again. The toughest part is the mechanics. I had to learn to use a computer.

"When I was doing the sports at Channel 4, I used an old Royal typewriter," Albert added, referring to the NBC channel in New York.

The new SportsDesk program features technology capable of making it seem as if Albert is on-site, at arenas near and far. But, "we won't be fooling anyone," he said. "I'll be at the desk in the studio."

The show is being revamped around Albert's ability to interview players and announcers live from the games, and studio guests when possible. "They'll be brief," Albert said. "You've got to keep things moving."

Mike McCarthy, the show's executive producer, said Albert had been "very focused, very passionate, even a pain in the neck," during rehearsals and planning.

Still, he said, these are changed times. "You can't say it's like nothing has changed," he said. "Marv's a different guy. The last time he was here, he was a star, with the shades on, floating in for a game at 6 o'clock."

Albert is a different commodity than he once was. His legal woes turned him from famous to notorious. His renown was a factor in MSG's decision to hire him to anchor the revamped SportsDesk show. He is expected to draw a curious viewership early on.

"There'll be a certain audience for Monday night," McCarthy said. "It's the folks who continue on Tuesday night that I'm interested in."

Albert said, "I hope people accept me, sure, but it's not in my control. I certainly hope people judge what they see."

For Sampras, A Chance to Settle Scores

The Associated Press

NEW YORK — Pete Sampras stands on the cusp of history in the U.S. Open. Patrick Rafter, the defending champion, stands in his way.

In what promises to be the showcase match of a tame tournament that so far has provided few surprises or dramatic battles, Sampras and Rafter will meet in a men's semifinal that will have the feel of a final.

The last 11 days have seemed little more than a setup for Saturday's match, which features two of the best serve-

U.S. OPEN TENNIS

and-volleyers of their generation. It pits the hottest players in men's tennis against each other.

And it could provide revenge for Sampras — not only against an opponent who defeated him a month ago in Cincinnati, but also against critics who had written him off as an over-the-hill champion.

"It's time," Sampras said. "This is the U.S. Open. This is the big moment of the year for me. This is what the year boils down to for me."

Mark Philippoussis won a thrilling tiebreaker in the fifth set to defeat Thomas Johansson late Thursday night in a match featuring 50 aces, setting up an encounter with Carlos Moya in the other semifinal.

Philippoussis slammed 30 aces, including 11 in the final set, in his 4-6, 6-3, 6-7 (3-7), 6-3, 7-6 (12-10) win over Johansson, who had 20 aces and 15 double faults. Philippoussis hit one serve at 132 mph, only to be outdone by his opponent — whose 136 mph serve was the fastest of the tournament.

The other quarterfinal lasted just 90 minutes. Moya, the No. 10 seed, who won this year's French Open and was a finalist at the Australian Open, made just 15 unforced errors in a 6-4, 6-3, 6-3 win over Magnus Larsson.

Until this year, Moya was known mostly as a clay-court player. His results at the Australian and U.S. Opens show how he has developed into a top player on all surfaces.

The women's semifinals were set for Friday, with top-seeded Martina Hingis facing No. 3 Jana Novotna and an all-American match between No. 2 Lindsay Davenport and No. 5 Venus Williams.

When Sampras lost in the second round of the French Open in late May, the whispers about the end of his reign atop men's tennis became louder.

Sampras's stretch as No. 1 in the world briefly had been broken earlier in the year by Marcelo Rios, and Sampras appeared vulnerable for the first time in years.

But he won a record-tying fifth Wimbledon title in July, and is within two victories of two more records — Jimmy Connors's mark of five U.S. Open titles and Roy Emerson's record of 12 Grand Slam singles titles.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION	W	L	Pct.	GB
x-New York	103	41	.715	—
Boston	82	62	.569	21
Toronto	78	68	.534	26
Baltimore	73	72	.503	30½
Tampa Bay	56	88	.389	47
CENTRAL DIVISION				
Cleveland	80	64	.556	—
Chicago	68	77	.469	12½
Kansas City	65	79	.451	15
Minnesota	66	80	.448	15½
Detroit	55	91	.377	26
WEST DIVISION				
Anaheim	80	65	.552	—
Texas	78	67	.538	2
Seattle	66	78	.458	13½
Oakland	66	79	.455	14

x-clinched division title

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	93	54	.633	—
New York	82	65	.558	11
Philadelphia	68	78	.466	24½
Montreal	57	90	.388	36
Florida	48	99	.326	45
CENTRAL DIVISION				
Houston	94	53	.639	—
Chicago	82	65	.558	12
St. Louis	72	74	.493	21½
Milwaukee	69	78	.469	25
Cincinnati	67	80	.456	27
Pittsburgh	66	79	.455	27
WEST DIVISION				
San Diego	92	55	.626	—
San Francisco	79	67	.541	12½
Los Angeles	75	72	.510	17
Colorado	70	78	.473	22½
Arizona	58	89	.395	34

THURSDAY LINESCORES

AMERICAN LEAGUE

Toronto 050 000 000—5 8 0
New York 214 100 00x—8 13 0

Hentgen, Stieb (4), Sinclair (6), Almanzar (7), Plesac (8) and B.Santiago; Pettitte, Nelson (7), Lloyd (7), Holmes (8) and Girardi. W—Pettitte, 16-9. L—Hentgen, 12-11. Sv—Holmes (2). HRs—Toronto, Canseco (42). New York, O'Neill 2 (23).

NATIONAL LEAGUE

Florida 000 000 001—1 2 1
Colorado 000 101 10x—3 10 0

Medina, Edmondson (8) and Zaun; Kile and Manwaring. W—Kile, 11-16. L—Medina, 1-4. HR—Colorado, Bichette (21).

Los Angeles 000 000 400—4 3 0
San Diego 002 000 000—3 5 1

Park, Radinsky (8), Shaw (9) and C. Johnson; K.Brown and C.Hernandez. W—Park, 13-8. L—K. Brown, 18-6. Sv—Shaw (42).

Atlanta 112 010 100—7 7 1
Montreal 100 010 200—4 10 3

Millwood, Charlton (7), De.Martinez (8), Ligtenberg (9) and J.Lopez; Thurman, T. Young (4), Bullinger (5), De.Hart (6), Telford (7), M. Maddux (9) and Henley. W—Millwood, 15-8. L—Thurman, 3-4. Sv—Ligtenberg (26). HR—Atlanta, J. Lopez (33).

New York 500 001 010—7 8 2
Philadelphia 000 020 012—5 4 0

A.Leiter, Wendell (8), Cook (8), Tam (9), J. Franco (9) and Piazza; T.Green, M.LGrace (6), Gomes (8), Battalico (9) and Estalella. W—A. Leiter, 15-5. L—T. Green, 6-10. Sv—J. Franco (35). HRs—New York, Piazza (30). Philadelphia, Relaford (5).

Pittsburgh 000 002 000—2 8 0
Chicago 005 000 00x—5 6 1

Silva, Tabaka (5), Rincon (7), M.Williams (8) and Kendall; Tapani, Beck (9) and Houston, Servais (9). W—Tapani, 18-7. L—Silva, 6-4. Sv—Beck (46).

St. Louis 010 070 000—8 4 2
Cincinnati 004 030 000—7 13 1

Osborne, Aybar (4), Croushore (5), Petkovsek (5), Brantley (7), Painter (8), Acevedo (9) and Lampkin, Marrero (7); Remlinger, Sullivan (5), Hudek (6), G. White (7), Graves (9) and G. Garcia, Fordyce (9). W—Aybar, 4-6. L—Remlinger, 7-15. Sv—Acevedo (8). HR—St. Louis, R. Lankford (28).

Milwaukee 000 000 001—1 7 0
Houston 004 000 03x—7 7 1

Karl, Weathers (6), A. Reyes (8) and Matheny; Reynolds, D. Henry (9) and Eusebio. W—Reynolds, 18-8. L—Karl, 9-9.

JAPANESE LEAGUES

FRIDAY RESULTS

CENTRAL LEAGUE

Hiroshima 2, Yakult 1

PACIFIC LEAGUE

Seibu 7, Nippon Ham 3
Daiei 5, Kintetsu 4
Lotte 5, Orix 0

CYCLING

TOUR OF SPAIN

Leading placings Friday in 386 kilometers (118 miles) 7th stage from Alicante to Valencia. 1. Giovanni Lombardi, Italy, Telekom, 4 hours, 3 minutes, 49 seconds
2. Jeroen Blijlevens, Neth., TVM, same time;
3. Marcel Wust, Germany, Festina, s.t.
4. Lauri Aus, Estonia, Casino, s.t.
5. Angel Edo, Spain, Kelme, s.t.
6. Salvatore Commesso, Italy, Saeco, s.t.
7. Fabrizio Guidi, Italy, Polti, s.t.
8. Leon Van Bon, Neth., Rabobank, s.t.
9. Eleuterio Anguita, Spain, Estepona, s.t.
10. Sergei Smetanine, Russia, Vitalicio, s.t.

OVERALL: 1. Jose Maria Jimenez, Sp., Banesto, 32 h., 28 min., 23 sec.; 2. Roberto Heras, Sp., Kelme, at 31 sec; 3. Laurent Jalabert, Fr., ONCE, 34; 4. Abraham Olano, Sp., Banesto, 58; 5. Manuel Beltran, Sp., Banesto, 59; 6. Dario Frigo, It., Saeco, s.t.; 7. Fernando Escartin, Sp., Kelme, s.t.; 8. Oskar Camenzind, Switz., Mapei, s.t.; 9. Daniel Clavero, Sp., Vitalicio Seguros, s.t.; 10. Claus Moller, Den., TVM, s.t.

TENNIS

U.S. OPEN

LATE THURSDAY IN NEW YORK
MEN SINGLES
QUARTERFINALS

Mark Philippoussis, Aus., def. Thomas Johansson, Sw., 4-6, 6-3, 6-7 (3-7), 6-3, 7-6 (12-10).

WOMEN DOUBLES
SEMIFINALS

Martina Hingis, Switz., and Jana Novotna, Czech R., (1), def. Lisa Raymond, U.S., and Rennae Stubbs, Aus., (4), 6-2, 6-2.

Lindsay Davenport, U.S., and Natasha Zvereva, Belarus (2), def. Virginia Ruano-Pascual, Sp., and Paola Suarez, Arg., (16), 6-2, 6-4.

MIXED DOUBLES
FINAL

Serena Williams, U.S., and Max Mirnyi, Belarus, def. Lisa Raymond and Patrick Galbraith, U.S., (3), 6-2, 6-2.

FRIDAY RESULT
MEN DOUBLES
FINAL

Sandon Stolle, Aus., and Cyril Suk (15), Czech R., def. Mark Knowles, Bahamas, and Daniel Nestor, Can., (6), 4-6, 7-6 (10-8), 6-2.

SOCCER

FRENCH FIRST DIVISION

Lorient 1, Auxerre 1
Monaco 2, Lens 0

STANDINGS: Bordeaux 12 points; Monaco 11; Marseille 10; Lyon 8; Montpellier 7; Lens 7; Rennes 7; Auxerre 7; Paris St Germain 6; Nantes 6; Lorient 5; Bastia 4; Nancy 4; Toulouse 4; Le Havre 2; Strasbourg 2; Metz 1; Sochaux 1.

MAJOR LEAGUE SOCCER

Dallas 3, Chicago 2

STANDINGS: Eastern Conference: x-D.C. 54 points; x-Columbus 45; x-NY-NJ 38; Miami 29; Tampa Bay 25; New England 23. Western Conference: x-Los Angeles 64 points; x-Chicago 47; Colorado 35; Dallas 34; Kansas City 32; San Jose 24.

x-clinched playoff berth.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

ANAHEIM—Recalled LHP Jarrod Washburn from Vancouver, PCL.

CHICAGO—Recalled C Mark Johnson from Birmingham, SL.

N.Y. YANKEES—Recalled RHP Mike Buddie, RHP Mike Jerzembeck, RHP Ryan Bradley, C Mike Figga, 3B Mike Lowell and OF Ricky Ledee from Columbus, IL.

OAKLAND—Announced 2-year affiliation agreement with Vancouver, PCL.

SEATTLE—Put OF Jay Buhner and OF Rich Amaral on 60-day disabled list. Recalled RHP Steve Gajkowski, OF Ryan Radmanovich, LHP Andrew Lorraine and RHP Paul Abbott from Tacoma, PCL.

NATIONAL LEAGUE

ARIZONA—Activated RHP Bobby Chouinard from 15-day disabled list. Recalled LHP Neil Weber from Tucson, PCL.

ATLANTA—Traded OF Danny Hollins to Los Angeles Dodgers for 2B Jose Pimentel.

CHICAGO—Activated SS Jeff Blauser and OF Henry Rodriguez from 15-day disabled list.

FLORIDA—Signed Dave Dombrowski, general manager, to 5-year contract.

THE WEEK AHEAD

SATURDAY, SEPT. 12

ATHLETICS, Johannesburg, South Africa — World Cup, to Sept. 13.
CRICKET, Toronto, Canada — Sahara Cup limited-overs international tournament, India vs. Pakistan.
CYCLING, Madrid, Spain — Tour of Spain, to Sept. 27.
GAMES, Kuala Lumpur, Malaysia — Commonwealth Games, to Sept. 21.
GOLF, Coventry, England — men, British Masters, to Sept. 13; Inba, Japan — men, Suntory Open, to Sept. 13; Kani, Japan — women, Japan LPGA Championship, to Sept. 13; Oakville, Ontario, Canada — men, Bell Canadian Open, to Sept. 13; Kent, Washington — women, SAFECO Classic, to Sept. 13; Indianapolis — men, seniors, Comfort Classic, to Sept. 13.
HORSE RACING, Doncaster, England — St. Leger.
MOTORCYCLE RACING, Imola, Italy — Italian Grand Prix.
ROWING, Cologne, Germany — World Rowing Championships, to Sept. 13.
RUGBY UNION, Rabat, Morocco — World Cup qualifying: Morocco vs. Zimbabwe, Ivory Coast vs. Namibia.
SAILING, Portoroz, Slovenia — Star world championship, to Sept. 20.
SOCCER, Foxboro, Massachusetts — women, U.S. Cup '98, U.S. vs. Mexico.
TABLE TENNIS, Taipei, Taiwan — Women's World Cup, to Sept. 13.
TENNIS, New York — U.S. Open, New York, to Sept. 13.

SUNDAY, SEPT. 13

CRICKET, Toronto, Canada — Sahara Cup limited-overs international tournament, India vs. Pakistan.
MOTOR RACING, Monza, Italy — Formula One, Italian Grand Prix; Monterey, California — Indy-car, Grand Prix of Monterey.
SUMO, Tokyo — Autumn Grand Sumo Tournament, to Sept. 27.

MONDAY, SEPT. 14

TENNIS, Bucharest, Romania — Romanian Open, to Sept. 20; Bournemouth, England — Samsung Open, to Sept 20; Marbella, Spain — Marbella Open, to Sept. 20; Tashkent, Uzbekistan — President's Cup, to Sept. 20; Seoul, South Korea — women, Samsung Open, to Sept. 20.

TUESDAY, SEPT. 15

SOCCER, Various sites — UEFA Cup, first round, first leg. Oceania, New York — women, U.S. Cup '98, Brazil vs. Russia.

WEDNESDAY, SEPT. 16

SOCCER, European Champions League, first rotation, first leg: Porto, Portugal vs. Olympiakos, Greece; Croatia Zagreb, Croatia vs. Ajax, Netherlands; Athletic Bilbao, Spain vs. Rosenborg, Norway; Juventus, Italy vs. Galatasaray, Turkey; Sturm Graz, Austria vs. Spartak Moscow, Russia; Real Madrid, Spain vs. Inter Milan, Italy; Brondby, Denmark vs. Bayern Munich, Germany; Manchester United, England vs. Barcelona, Spain; Lens, France vs. Arsenal, England; Panathinaikos, Greece, vs. Dynamo Kiev, Ukraine; PSV Eindhoven, Netherlands vs. HJK Helsinki, Finland; Kaiserslautern, Germany vs. Benfica, Portugal.

THURSDAY, SEPT. 17

GOLF, Paris — Lancome Trophy, to Sept. 20; Sapporo, Japan — ANA Open, to Sept. 20; Endicott, New York — B.C. Open, to Sept. 20.
SOCCER, various sites — Cup Winners Cup, first round, first leg.
TENNIS, Paris — seniors, Tour of Champions, to Sept. 20.

FRIDAY, SEPT. 18

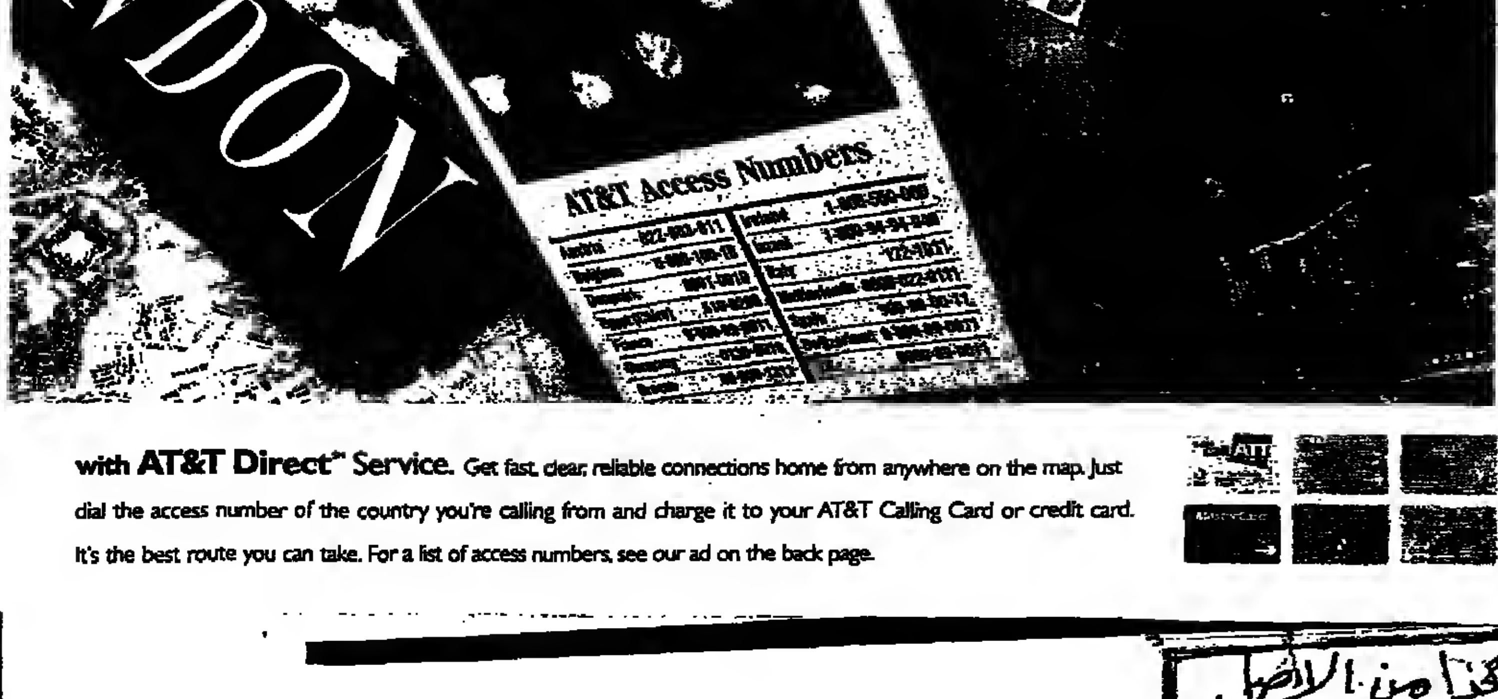
GOLF, Inabe, Japan — Yukijirushi Ladies, Tokai Classic, to Sept. 20; Dublin, Ohio — women, Solheim Cup, to Sept. 20; Mason, Ohio — men, seniors, Kroger Classic, to Sept. 20.
MOTOR RACING, Indonesia Rally, to Sept. 20.
RUGBY UNION, Sydney, Australia — World Cup qualifying: Western Samoa vs. Tonga, Australia vs. Fiji.
SOCCER, Oneonta, New York — women, U.S. Cup '98, Mexico vs. Brazil, United States vs. Russia.

SATURDAY, SEPT. 19

HORSE RACING, Curragh, Ireland — Irish St. Leger.
ATHLETICS, Tokyo — 98 Toto International Super meet.
TENNIS, Geneva, Switzerland — Fed Cup Final, Switzerland vs. Spain, to Sept. 20.

SUNDAY, SEPT 20

MOTORCYCLING, Barcelona, Spain — Catalunya Grand Prix.
MOTOR RACING, Fort Worth, Texas — Indy Racing League.
SOCCER, Richmond, Virginia — U.S. Cup '98, Mexico vs. Russia, United States vs. Brazil.



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هكذا من الأصل

Kile's 2-Hitter Puts Finish on Rockies' Sweep

هكذا من الأصل

Kile's 2-Hitter Puts Finish on Rockies' Sweep

The Associated Press

Darryl Kile pitched a two-hitter and Dante Bichette homered as the Colorado Rockies completed a four-game sweep of the Florida Marlins with a 3-1 victory in Denver.

Kile, 0-2 in his last three starts at Coors Field, allowed only a bunt single by Luis Castillo in the third inning and a triple by Todd Dunwoody leading off

Baseball Roundup

the ninth in Thursday night's game. Dunwoody scored on a groundout by Edgar Renteria. Kile (11-16) struck out four and walked two.

Bichette, who had a pair of hits and extended his hitting streak to 12 games, began Colorado's sixth with his 21st homer of the season, a line drive over the left-field fence off the Florida starter, Rafael Medina.

Medina (1-3), in his fifth start since being recalled from Triple-A on Aug. 19, worked seven innings, allowing three runs on nine hits.

Dodgers 4, Padres 3 In San Diego, Kevin Brown pitched six perfect innings before allowing four runs in the seventh as Los Angeles rallied to ruin yet another San Diego no-hit bid.

Brown (18-6) failed to become the NL's first 19-game winner, but he did set San Diego's single-season strikeout record with 238 by fanning 11.

Chan Ho Park (13-8) won for the eighth time in nine decisions. He struck out 10 and walked a career-high seven, allowing five hits and three runs in seven innings.

Cardinals 8, Reds 7 Mark McGwire tied Barry Bonds's NL record of 151 walks by drawing two more, but his record home-run total stayed at 62 as visiting St. Louis beat Cincinnati. He also struck out twice and popped out, leaving him without a homer in two games since breaking Roger Maris's record.

Braves 7, Expos 4 In Montreal, Javy Lopez hit a three-run homer and Kevin Millwood became the third Atlanta pitcher to win 15 games as the Braves ended a three-game losing streak.

Lopez hit his 33d home run, a shot off Mike Thurman (3-4) in the third inning that gave the Braves a 5-1 lead.

Millwood (15-8) allowed four runs and nine hits in 6⅔ innings. Tom Glavine has won 18 games for the Braves and Greg Maddux has woo 17.

Cubs 5, Pirates 2 In Chicago, Sammy Sosa's home run drought reached five games, but that did not keep the Cubs from beating Pittsburgh to stay tied with the New York Mets in the NL wild-card chase. Sosa, stuck on 58 homers and trailing Mark McGwire by four, went 0-for-2 with a pair of walks.

Chicago got strong pitching from Kevin Tapani and key hits from Mark Grace and Brant Brown in a five-run third inning. Tapani (18-7) allowed eight hits in eight innings and woo his sixth straight decision.

Mets 7, Phillies 5 Mike Piazza continued his torrid hitting with a three-run homer and a double, and Al Leiter pitched seven strong innings as the visiting Mets defeated the Phillies.

The Mets took a 5-0 lead in the first inning on Piazza's 30th homer and Rey Ordonez' two-run double. In his last 15 games, Piazza is 27-for-50 (.540) with seven home runs and 19 RBIs.

Leiter (15-5) gave up two runs and two hits, struck out eight hitters and walked two.

Astros 7, Brewers 1 In Houston, Shane Reynolds tied a career high with 12 strikeoots and hit a two-run single as the Astros won their sixth straight.

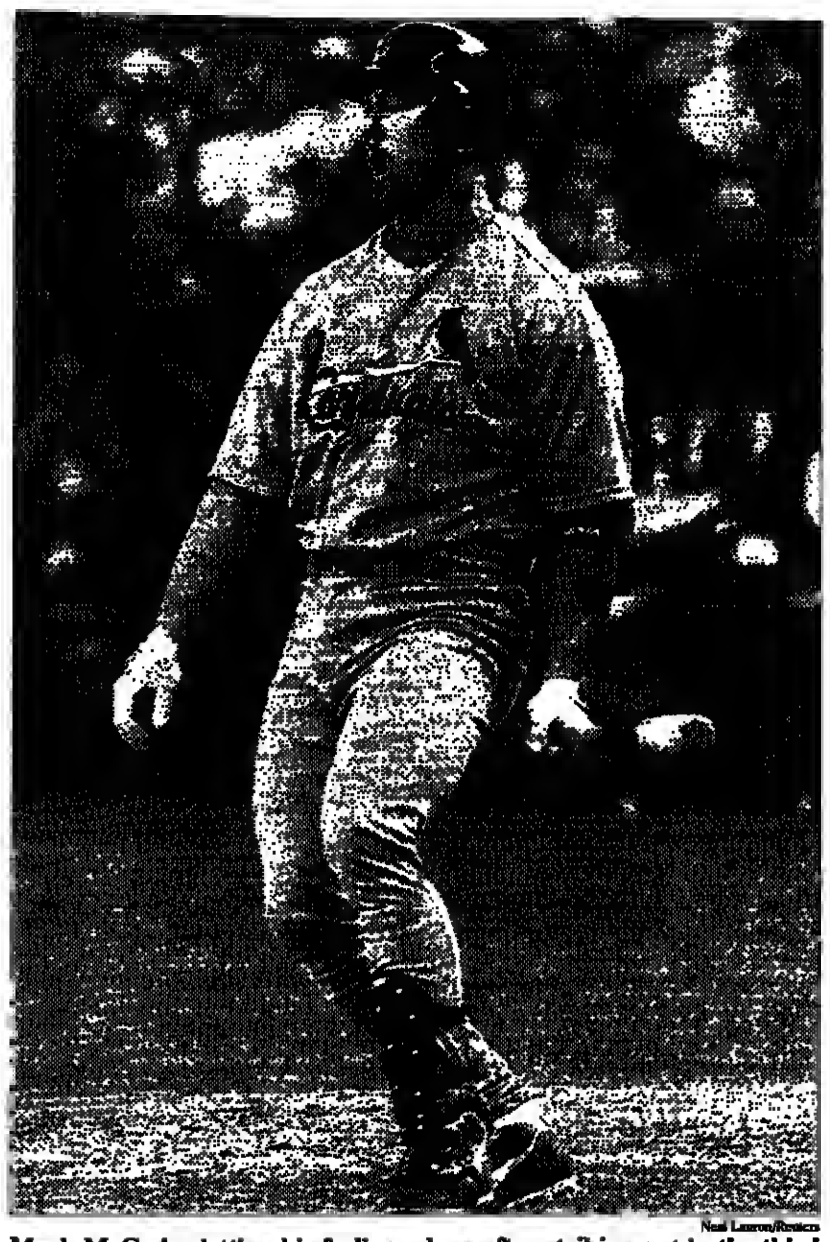
Houston lowered the magic number for clinching their second straight NL Central title to four.

In the American League:

Yankees 8, Blue Jays 5 In New York, Paul O'Neill hit two home runs and the Yankees overcame another shaky outing by Andy Pettitte.

With their 103d victory, the Yankees, who clinched the AL East on Wednesday in Boston, opened a 21-game advantage over the second-place Red Sox, the largest lead a Yankee team has ever enjoyed at any time in a season. Pettitte (16-9) allowed five runs in six innings.

Jose Canseco hit a three-run homer for Toronto, which fell five games behind idle Boston in the AL wild-card race.



Neal Lauron/Reuters

Mark McGwire letting his feelings show after striking out in the third inning in Cincinnati. He went hitless, leaving his home run total at 62.

Learning to Live in Murdoch's Realm

International Herald Tribune

In America/Ian Thomsen

BOSTON — Alex Ferguson's job should be safe at Manchester United, at least for another year.

Ferguson has easily been the best club manager in England in the 1990s. But from now on, he will be working for Rupert Murdoch, or, shall we say, the *presence* of Rupert Murdoch. The accepted logic of professional sports will no longer be applied. For proof, see the 1998 Los Angeles Dodgers.

Before this season, Murdoch spent $311 million to buy the Dodgers, who in the 1970s and 1980s were known as the best franchise in American sports. The Dodgers had been owned by the O'Malley family, who in the 1950s had moved the team from Brooklyn, sending a watershed signal to fans that baseball was indeed a business, not just a sport.

Before Murdoch's arrival, the Dodgers were known as a cathedral of stability.

Murdoch attended Opening Day at Dodger Stadium in April, where the home team's best player, the catcher Mike Piazza, was greeted with a thunderstorm of booing from his own fans. It was explained to Murdoch that Piazza, entering the final year of his contract, was demanding $100 million from the Dodgers.

Other owners in American sport have in the past beeo intimidated by demands of such madness. Murdoch, to his credit, would not be bullied by an employee of whom he had never heard.

The method of Murdoch's response was nonetheless unorthodox. In May, one of his television operatives — Murdoch owns the Fox networks in America — was in Miami oegotiating a possible TV sports deal involving the Florida Marlins baseball team. It seems that the conversation gravitated toward baseball talk, which is normal among a couple of baseball fans, but this particular dialogue must have been especially provocative because the two executives cooclnded by shaking hands on a trade of Piazza for three players from the Marlins.

The general manager of the Dodgers, Fred Claire, their expert on all baseball matters, was informed of the trade an hour before it was consummated.

That kind of thing is probably oot going to happen to Ferguson at Manchester United. He is too strong, too credible and highly respected, to have his job done for him by a dilettante superior.

In hindsight, the trade was like an abstraction of El Nino visited upon the Dodgers. Their payroll jumped up to more than $57 million and yet the team was worse than ever. This convinced the new president of the Dodgers, Bob Graziano, an accountant who admittedly is no expert himself when it comes to baseball, to announce in June the firings of Claire and the field manager, Bill Russell.

Never had the Dodgers ever fired their manager. It took Murdoch three months to undo that tradition.

Murdoch's people are also considering whether or not to knock down Dodger Stadium in favor of a new, more profitable stadium with luxury boxes, restaurants and shopping.

The one similarity between the Dodgers and Manchester United is their value to Murdoch as TV commodities. Murdoch bought the Dodgers in order to provide programming for Fox in Southern California. Murdoch also owns a regional network of sports channels throughout the United States, and by buying up the Dodgers, as well as signing up the exclusive rights to televise the Lakers and other area clubs, he knocked out the plans of Disney to create a competing regional sports network.

In fairness to Murdoch, the Dodgers were in need of an overhaul. They hadn't contended for a championship since the World Series in 1988.

Manchester United is obviously in a much stronger position. It is also a much more important asset to Murdoch than the Dodgers. Manchester United is starting its own digital TV channel this season, with the apparent goal of controlling its own TV rights early in the next millennium. Furthermore, now that he is controlling the biggest club in England, Murdoch will be better oble to join with Silvio Berlusconi in creating a breakaway European Super League for more money than UEFA, the federation of European soccer, can now fathom.

So if the recent purchase of Dwight Yorke doesn't solve Manchester United's goal-scoring problems, and if the club fails to finish first or second in the English Premiership, thereby losing its place in the Champions League next season, then Murdoch — or, shall we emphasize, the *presence* of Murdoch — is likely to grow restless.

The truth about Murdoch is that he is no longer a man so much as he is an attitude. He owns so much and has so many projects in the works in so many different parts of the world, that he probably won't pay much attention to Manchester United — unless things go wrong.

Ian Thomsen is a senior writer at Sports Illustrated magazine.

Commonwealth Games Open in Malaysia

The Associated Press

KUALA LUMPUR — The largest Commonwealth Games ever opened Friday night with brass bands, dazzling fireworks and waves of dancers at a stadium packed with 100,000 people.

Neither Malaysia's economic recessioo oor a political challenge to Prime Minister Mahathir bin Mohamad from a former deputy, Anwar Ibrahim, could dim the inaugural spectacle as the Games — which will feature athletes from 70 countries — came to Asia for the first time.

Before an audience that included the International Olympic Committee's president, Juan Antonio Samaranch, a welcoming message from Queeo Elizabeth II, the nominal head of the Commonwealth, was read by her son, Prince Edward of Britain.

The Commonwealth Games claim to be the most important sporting event after the Olympics, drawing together countries once linked as parts of the far-flung British Empire but oow divided by culture, geography and economic status.

Formerly known as the Empire Games, the event began in 1930 in Hamilton, Ontario, with just a few dozen athletes from 10 visiting teams. The 1994 event in Victoria, British Columbia, had 3,200 athletes.

Despite a crushing financial crisis, Malaysia has relished its role as host. Even as it scrapped billions of dollars worth of civil works, dams and railroad projects, it made sure the event was the largest Games ever by insisting on the inclusion of six new sports.

A 1.7 billion ringgit ($449.7 million) stadium was completed just ahead of the Games, a commuter rail link was finished and more than a dozen other sports venues were built. Mr. Mahathir ensured that a new international airport was ready to receive athletes and officials.

"We are treating the Commonwealth Games opening ceremony as a window to Malaysia," said the country's sports minister, Minister Muhyiddin Yassin. "We have done our best."

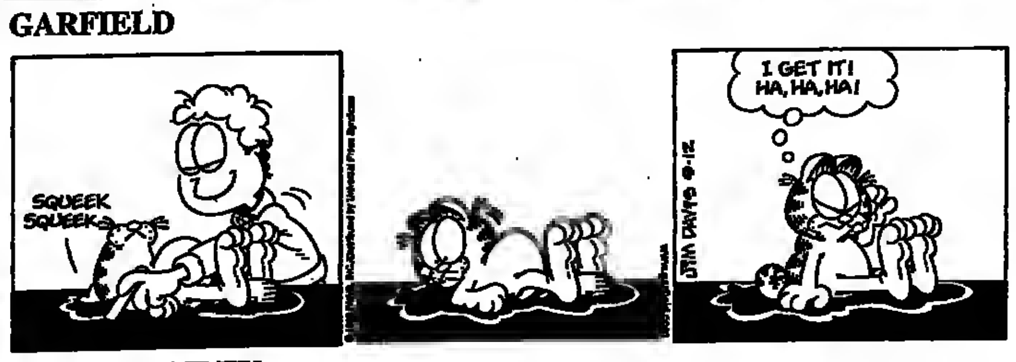
DENNIS THE MENACE

"SURE I'M LISTENING! I'M JUST ADDING THE *SOUNDTRACK!*"

PEANUTS

CALVIN AND HOBBES

GARFIELD



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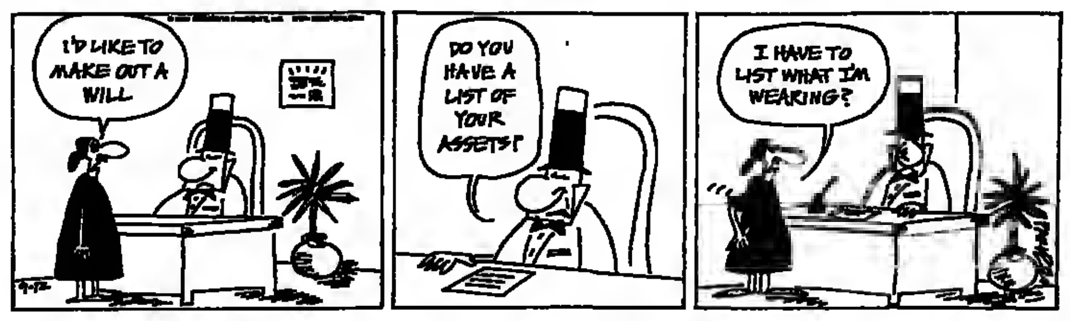

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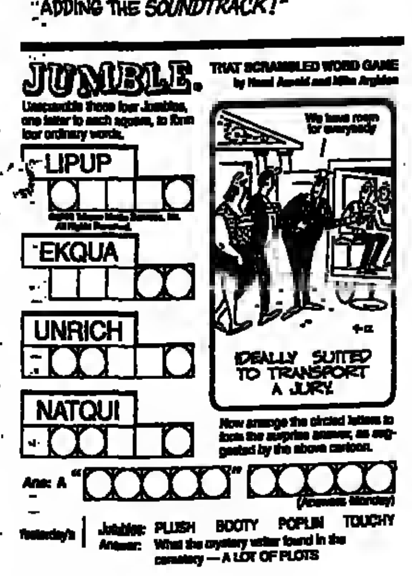

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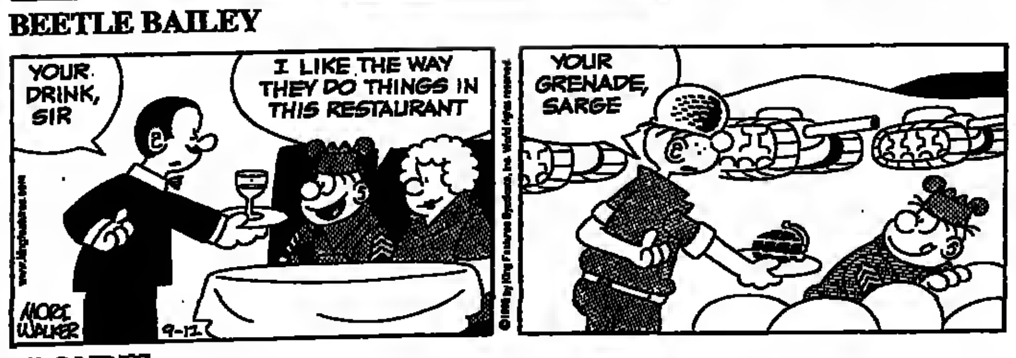

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DAVE BARRY

Ah, Fountain of Youth

MIAMI — I was at a party hosted by a younger couple, defined as "a couple that had not yet been born when I started worrying about cholesterol." You will never guess whose music these young people were playing: Bobby Darin's. Yes. Bobby Darin, hepcat swinger from my youth, is cool again!

No doubt you've read about how the Hot New Trend among "*with it*" 20-something people is to eschew the rock scene and pretend they're swank sophisticates living three or four decades ago — drinking martinis, going to nightclubs, dressing like the late Frank Sinatra (not the women, of course; they're dressing like the late Dean Martin), voting for Dwight Eisenhower, using words like "eschew," etc. This makes me wonder: If old things are cool, could I become cool again?

I have not felt remotely cool for a long time, thanks largely to the relentless efforts of my teenage son, whose goal in life is to make me feel 3,500 years old. We'll be in the car, and he'll say, "You wanna hear my new CD?" And I, flattered that he thinks his old man might like the same music he does, will say "Sure!" So he increases the sound-system volume setting from "4" to "Meteor Impact," and he puts in a CD by a band with a name like "Pustule," and the next thing I know nuclear bass notes have blown out the car windows and activated both the driver and passenger side air bags, and I'm writhing on the floor, screaming for mercy with jets of blood spurting three feet from my ears. My son then ejects the CD, smiling contentedly, knowing he has purchased a winner.

I am roughly equal, on the Coolness Scale, to Bob Dole.

My point is that, for some time, I have viewed myself as being roughly equal, on the Coolness Scale, to Bob Dole. And then, suddenly, at this party, these 20-somethings were playing Bobby Darin, a singer from my youth, an era known as "The Era When There Were a Lot of Singers Named Bobby and One Named Freddy" (Bobby Sherman, Bobby Vee, Bobby Vinton, Bobby Rydell, Elvis "Bobby" Presley and Freddy "Boom Boom" Cannon).

I KNOW Bobby Darin's music. Whenever I hear his swinging version of "(Oh My Darlin') Clementine" I snap my fingers in a happening "jive" manner and sing right along with these immortal lyrics: "You know she would rouse up / Wake all of them cows up"

(They don't write them like that anymore. They can't: They have been medicated.)

I remember going to a record hop — that's right, an actual record hop — in the gymnasium of Harold C. Crittenden Junior High in Armonk, New York, where they played "Mack the Knife" maybe 14 times and we all danced the Jitterbug. The Jitterbug was a dance wherein you remained in actual, physical contact with your partner — what kids now call "touch dancing." I grew up at the tail end of the touch-dancing era; after that, we started doing nontouch dances — the Jerk, the Boogaloo, the Cosine, the Funky Downtown Rutabaga, etc., wherein you strayed several feet from your partner.

Later in the '60s, songs got longer and dance standards got looser, and you often lost visual contact altogether with your partner, sometimes winding up, days later, in completely different states. This was followed by the disco era, during which you and your partner might touch briefly, but only for the purpose of exchanging narcotics; which in turn was followed by the "mosh pit" concept of dancing, wherein you dance simultaneously with many people, the object being to inflict head injuries on them.

As required by federal law, the band played 'Bad, Bad Leroy Brown.'

So for decades, the only time you saw touch dancing was at wedding receptions, when the band — as required by federal wedding-reception law — played "Bad, Bad Leroy Brown," and guests age 73 and older would hobble onto the floor and do the Fox Trot while younger people gyrated around them.

But now touch dancing is back, and I'm excited about it, because — ask anybody who has seen me at a wedding reception after the bar opens — I can still do the Jitterbug. I can get out there on the floor and really whirl my partner around. Granted, sometimes my partner winds up face-down in the wedding cake, but that is not the point. The point is that, despite what my son thinks, maybe I am cool again.

I might put a tube and a half of Brylcreem in my hair and go to a swank nightclub. I'd saunter up to the bar, order a dry martini and settle back to soak up the scene; then, when a really "swinging" song came on, I'd get to my feet and "wow" the younger generation when I, in a suave and sophisticated manner, threw up on my shoes, because martinis make me sick. Then I'd go to bed, because I'm 3,500 years old.

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Sarajevo Director Emerges From 'Underground'

By Joan Dupont
International Herald Tribune

Ciby 2000

Emir Karistica, left, who once swore to give up making films, on the set of "Black Cat, White Cat."

PARIS — Emir Kusturica, born in Sarajevo, has made films on the banks of the Danube and in the Arizona desert, won prizes at festivals and taught in New York. He may never go home.

"My best friend in Sarajevo told me, 'Don't come back, they'll kill you,'" Kusturica said. In 1995, "Underground," which depicts Yugoslavia's chaotic modern history, won the Palme d'Or at Cannes, but when the film opened in Paris, some critics attacked it as pro-Serb; the rumor stunted the film's international career and did not help his reputation at home.

"To make 'Underground,'" the director explained in an interview, "I had to survive the last 10 years, what it was like to leave Yugoslavia, and to learn the lesson of the immigrant. But my complex vision, this international view, was judged politically incorrect by certain French philosophers." The campaign against the film made him crazy, he said, and he swore he would never direct another.

Three years later, Kusturica has emerged from the dark aftermath of "Underground" with "Black Cat, White Cat," a comedy set near Belgrade and made with professional and amateur actors brimming with Gypsy gangsters, music and magic, weddings, funerals and grandfathers who die and revive. "Gypsies and gangsters are international, and so am I. People ask me, 'Why do you always play with the same themes?' It's like asking David Hockney, 'Why do you always paint swimming pools?'"

He calls "Black Cat, White Cat" a new beginning. "This is a movie about how people never die. When my father died six years ago, I started thinking about death. Now I want to film the things that excite me about life."

He got the idea from a story he heard, about a grandfather dying in the midst of plans for a wedding and how the family decided to go on with the ceremony anyway.

In "Black Cat," not one, but two grandfathers expire and are put on ice in the attic while the band plays on, the bride escapes, her gangster brother shoots up the countryside, the roof collapses and a pig calmly munches away on a decrepit car. "This is, in a way, a vision of my country, the pig eating a Trabant."

Starting with "Do You Remember Dolly Bell?" (Venice Golden Lion, 1981) and "When Father Was Away on Business" (Cannes Palme d'Or, 1985), set in the Yugoslavia of Tito after World War II, Kusturica's films with their crowded imagery — tables that levitate, brides that fly — have delved into family chaos and touched on the nerve of a country in turmoil. "The Time of the Gypsies" (Cannes Best Director Prize, 1989), showed the filmmaker's magic way with Gypsy superstition and kitsch.

"I grew up on the edge of a suburb, near Gypsies," he said, "and I always thought they were an aristocratic people."

Even when he went to film "Arizona Dream" in the desert, he crammed the screen, not just with Cadillacs and flying machines, but with a host of images from his creative home-cooking.

"I had to learn how to match up the two worlds I lived in. Then, when I made 'Underground,' I found new ways to say what I felt about my country. My understanding of the world and what happened is my own: Yugoslavia was formed by the Allies after the war, and then destroyed by the Allies when they had no more need and saw no reason to fight for a multiethnic country. The bottom line is, had I been in Sarajevo when war broke out, I never would have made 'Underground.'"

"Black Cat," which opens in France at the end of September, is being screened at the Venice and New York Film festivals.

"I expect a good reaction," he said. Since his first prize at Cannes, the filmmaker has been a favorite with the international press that discovered him, tall, pale and disheveled, a refugee from the collapsing Eastern world, with his loopy walk and halting English. His film spoke for him. Milos Forman got him a teaching job at Columbia in New York, and his life away from home began.

Today he is tanned, fit, with glint in his eye and a jaw that speaks of determination. Although he lives in the Marais area of Paris, he prefers English to French, an English that he still gropes for, diving for the latest and most correct expression, coming up with a mix.

"I'm into literature. I am writing a book for a French publisher, in Serbian. It will be 12 stories that cover important times in my life — everything I've heard from my family, the sources of whatever I do."

Born into a family of nonpracticing Muslims, the director says his father's background was Serbian. "My ancestors converted when the Ottoman Turks invaded. I always say I am Yugoslav, but when you say that today, people say, this is a dinosaur speaking." His home environment was very Slav, he says, with multiethnic influences. "I always read a lot; I get instant images from literature."

"Arizona Dream" was inspired by "Catcher in the Rye"; "Black Cat, White Cat" by Isaac Babel's short stories. "Babel wrote about criminals with a fatal flaw, that's what got me. There were criminals like that around where we lived, emotional men with big hearts, the heroes of my youth. I think that today, we're less bound by ideology and religion — utopia is out — and we're ready to accept evil properly."

He loves his gangster hero, played by Srdan Todorovic, an actor from Belgrade, and enjoys Quentin Tarantino's films, with their campy criminals. As much as he dislikes most Hollywood movies and what he calls "the artificial world of cinema," he relishes American films of the '30s, '40s and '50s, "melodramas that show great human emotions."

For the first time he will adapt a film from a book, shooting D.M. Thomas's "The White Hotel" in Montenegro with Juliette Binoche as the exalted heroine. "Good material," he agreed, "all my characters are hysterical anyway, or I make them hysterical."

He doesn't know why he became a director instead of a writer or musician. "But I remember how my mother used to walk five to six miles to find what she wanted at the market. When she appeared in shops miles away from home, people would say, 'Hello neighbor.' I think I'm like her, and maybe this persistence is more important than talent these days."

PEOPLE

Sam Mircovich/Reuters

Madonna, the top winner, with one of the six figurines she took home from MTV Video Music Awards.

THE stage turned into a soapbox at the MTV Video Music Awards as a Beastie Boys member condemned U.S. foreign policy and the R&B singer **Wyclef Jean** attacked the film "Stella Got Her Groove Back" for an AIDS joke. **Madonna** was the top winner with six awards, including video of the year for "Ray of Light," in an evening that was about as political as an Academy Awards ceremony. Madonna, who sang "Ray of Light" in a virtually transparent shirt, won five trophies for the "Ray" video and one for her "Frozen" video, while the Backstreet Boys won the best group video award for "Everybody (Backstreet's Back)." Jean accepted the R&B video award for "Gone Till November."

□

A judge has found **Alec Wildenstein**, the art dealer whose family trades in Old Masters, in contempt of court and ordered his arrest for failing to pay his estranged wife, **Jocelyne Wildenstein**, $452,000 in court-ordered alimony. But the New York State Supreme Court delayed imposing the order until Wednesday because Wildenstein was believed to be out of the country. The Wildensteins, whose marital problems have generated almost as much interest as the considerable cosmetic surgery Mrs. Wildenstein has undergone, are divorcing after nearly 20 years of marriage, a luxurious lifestyle and travel between their New York town house, ranch in Kenya and chateau in France.

□

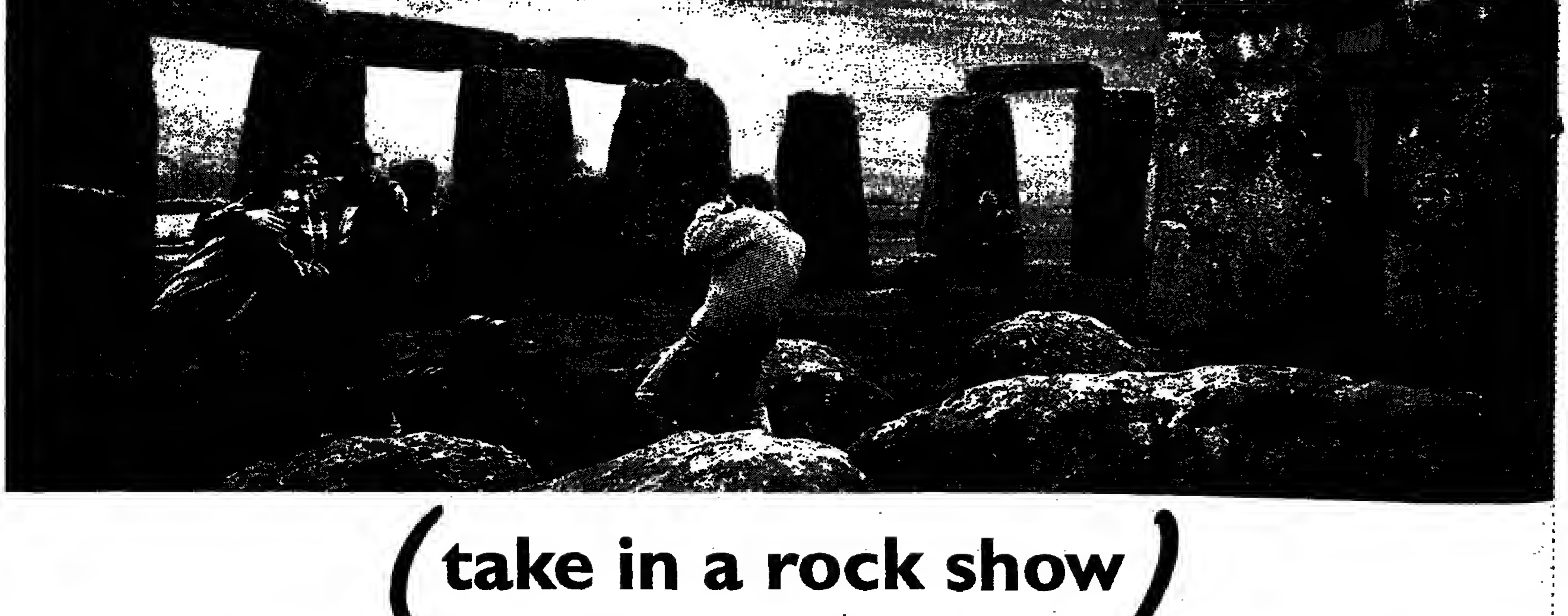
The writer **Isabel Allende** is the recipient of the 1998 Dorothy and Lillian Gish Prize, given annually for excellence in the arts. The award consists of a silver medallion and a cash stipend of about $200,000. She will receive the award from **Homero Aridjis**, president of the writers' group International PEN on Oct. 13 in New York. Her first novel, "The House of the Spirits," depicted a brutal period of Chilean history. Her latest book is "Aphrodite: A Memoir of the Senses." Bob Dylan received last year's prize.

□

The Stone Pony in Asbury Park, New Jersey, is nearing its last ride. The music club that used to feature New Jersey acts like **Bruce Springsteen, Jon Bon Jovi** and **Southside Johnny** is calling it quits and reopening as Vinyl, a dance club. The Stone Pony will go out with a series of shows Sept. 18-20. The owner, **Steven Nasar**, said bands had become hard-core and crowds too rowdy. "The days of Bruce Springsteen-type of rock and roll are gone," Nasar said. The Stone Pony opened in 1974.

□

Martha Stewart, the role model for millions of American women, has canceled a segment of her television show that featured **President Bill Clinton**. The Friday broadcast of her daily show, "Martha Stewart Living," was to have been devoted entirely to a lunch visit by Clinton. Taped in June at Stewart's studio in Westport, Connecticut, the get-together was to have been the crown jewel of the show's sixth-season premiere week. But after Clinton's troubles over his testimony in the Monica Lewinsky affair, the president got the hook from Stewart and her staff.



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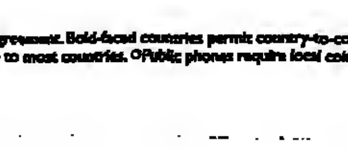

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